



2001

ANNUAL REPORT

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LETTER TO THE MINISTER

Hon. Tom Stephens BA JP MLC

MINISTER for HOUSING and WORKS, LOCAL GOVERNMENT,
KIMBERLEY, PILBARA & GASCOYNE

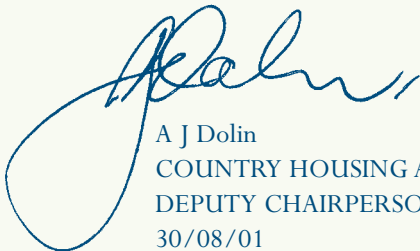
In accordance with *The Financial Administration and Audit Act 1985 (Section 66)* and *Section 22 of the Country Housing Act 1998*, we hereby submit for your information and presentation to parliament, the Annual Report of The Country Housing Authority for the financial year ending 30 June 2001.

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

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



S G Thorn
COUNTRY HOUSING AUTHORITY
CHAIRPERSON
30/08/01



A J Dolin
COUNTRY HOUSING AUTHORITY
DEPUTY CHAIRPERSON
30/08/01

STATEMENT OF COMPLIANCE

The Country Housing Authority administers the Country Housing Act (1998) and, in the conduct of its business is 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:

Financial Administration and Audit Act 1985
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

STATEMENT OF COMPLIANCE

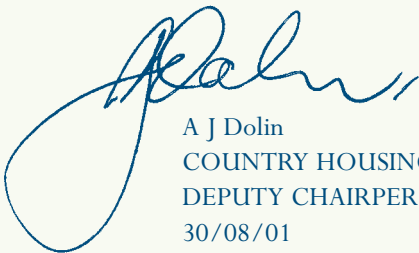
In the financial administration of the Country Housing Authority, we have complied with the requirements of the Financial Administration and Audit Act and other laws. We have exercised controls, which provide reasonable assurance that the receipt and expenditure of monies, acquisition and disposal of 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 Ministry of Housing comment on compliance in relation to standards and codes of conduct as required by Section 31 (1) of the Public Sector Management Act is made by that organisation.

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



S G Thorn
COUNTRY HOUSING AUTHORITY
CHAIRPERSON
30/08/01



A J Dolin
COUNTRY HOUSING AUTHORITY
DEPUTY CHAIRPERSON
30/08/01

CHAIRPERSON'S REPORT

I am pleased to present the Country Housing Authority's Annual Report.

The Authority continues to strive for an improvement in housing conditions for Western Australians in rural areas.

We are proud of our responsiveness to customers. The Authority continues to perform with distinction in this area. A customer survey, was completed in June 2001, showed that 97.56% of our customers were satisfied with the services provided.

In pursuing the goals of the Country Housing Authority the organisation has worked closely with Local Government, other state agencies, businesses, community groups as well as individual customers.

The expectation in rural areas that followed the proclamation of the Country Housing Act in July 1998 is being well and truly addressed through the services the Authority provides. The expanded charter has allowed us to assist a broader base of clients. Our direct client focus has proven to be of assistance and greatly appreciated.

A new programme introduced by the Authority this year called the Housing Development Incentive Programme – Local Government Initiatives has been most successful and delivered dwellings to rural communities very efficiently.

The interests of rural people and their financial needs in the area of housing are being increasingly promoted. The greater awareness of our services in the country is reflected in a growing number of loan applications.

The Authority believes that meeting the needs of rural people must be assured in the future and will work tirelessly to this end.

I wish to acknowledge my Board colleagues for their contribution to the work of the Country Housing Authority over the past year and the excellent work of the Director, Manager and their staff. It is greatly appreciated and acknowledged by all rural Western Australians.



Shirley Thorn
CHAIRPERSON
30/08/2001

DIRECTORS REPORT

The Country Housing Authority has had a very successful 12 months.

During the year the Authority has financed the provision of housing to 114 service providers, rural enterprises and their families.

In August 2000 the Authority obtained \$2 million from the Regional Development Trust Fund to deliver the Housing Development Incentive Programme – Local Government Initiatives.

This programme was developed in recognition of the natural advantage that country Local Governments can have in delivering housing services to rural communities in partnership with the State Government.

The objectives of the programme were to encourage the construction of dwellings by making housing projects more affordable or viable through the provision of grant monies. It was specifically designed to help country local authorities attract and retain key people such as tradespersons and professionals.

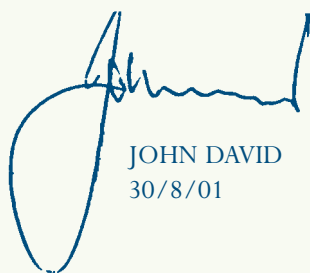
There was an enthusiastic response to the programme with 33 Shires applying for funding. The outcome has been very positive as the construction of the 40 dwellings has been initiated in a short period of time which will help deliver immediate real benefits to rural communities for a minimal cost of \$2 million.

The Authority has continued its strong financial performance. It is managing its programme to provide services to its customers that can be sustained from its own resources.

The focus for the coming year will be to give communities through partnerships the capacity to tackle the issue of housing where it has been identified as a barrier to their sustainment and growth.

I would like to thank the Chairman, and Members of the Authority for the wealth of knowledge they bring to the organisation and commitment to country people.

Finally, thank-you to the staff of the Authority for their dedication over the year.



JOHN DAVID
30/8/01

COUNTRY HOUSING AUTHORITY

ROLE

The role of the Authority is to facilitate 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 effected by extraordinary circumstances such as a natural disaster.
- ▶ Assists in implementing regional economic development opportunities by working closely with local government authorities, the then Department of Industry and Technology and the nine Regional Development Commissions.

LEGISLATION

The Country Housing Authority was established in July, 1998 to perform the functions of the Country Housing Act 1998. The 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 Tom Stephens, Minister for Housing and Works; Local Government and Regional Development; the Kimberley, Pilbara and Gascoyne.

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.”

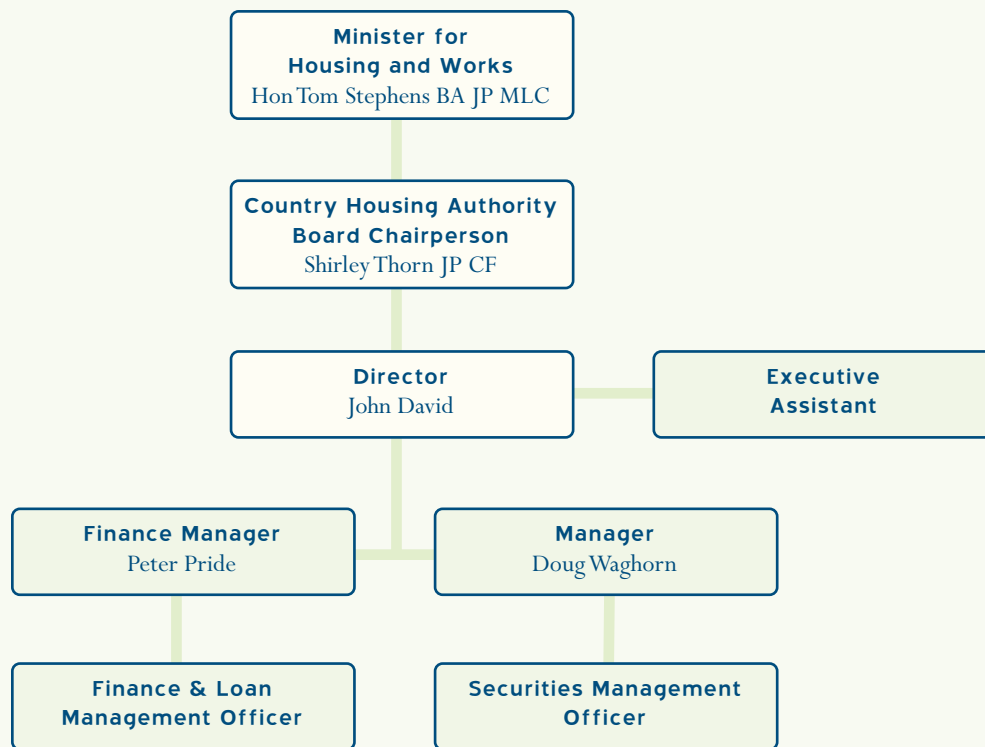
COUNTRY HOUSING AUTHORITY

ORGANISATIONAL STRUCTURE

The Country Housing Authority is a Statutory Authority being directly responsible to the Minister for Housing and Works; Local Government and Regional Development; the Kimberley, Pilbara and Gascoyne for the administration of the Country Housing Act (1998).

The Authority has a small streamlined staff of eight people based in Perth. The organisation is entirely customer focused. Staff at the Authority are employed by the Department of Housing and Works, which is an equal opportunity employer complying with relevant EEO legislation and with the Public Sector Code of Ethics.

The Finance Manager of the Authority is the Principal Accounting Officer for the Authority.



CORPORATE GOVERNANCE

THE COUNTRY HOUSING AUTHORITY BOARD

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

Shirley Thorn has held the position of Chairperson of the six member board since the formation of the Authority in 1998. The Board Chairperson is paid \$15,350 a year and members not employed in the public sector are paid \$6,140 a year.

All current members were appointed in 1998 for a term of 3 years, expiring on 1 July 2001. The Board have been re-appointed for a further 6 months, expiring on 31 December 2001. During 2000/2001, the Board of the Country Housing Authority met on 14 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 a member of the Western Australian Municipal Association, an officer from the Department of Treasury and Finance of Western Australian, and an officer from the Department of Industry and Technology.

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
<p>Mrs Shirley Thorn (Chairperson) A farmer with extensive experience in housing, education and finance, Shirley has been involved for many years in rural community development.</p>	14/14
<p>Mr Bert Dolin (Deputy Chairperson) Bert is a senior member of the accounting profession and has had many years experience in the housing industry.</p>	13/14
<p>Mrs Mary Nenke Mary is a farmer and Director of a small business based in the country and is involved in a developing export industry. Mary was 2000 Rural Woman of the Year.</p>	13/14
<p>Cr Joan Cameron Joan is the Deputy Shire President of the Plantagenet Shire Council and she is also a farmer and grazier with involvement in many community organisations.</p>	13/14
<p>Mr Hew Mortlock Hew is an Assistant Director in the Agency Resources Business Unit of the Treasury Finance Department.</p>	13/14
<p>Mr Quentin Harrington Quentin is the Acting Executive Director of the Industry Development Division of the Department of Industry and Technology.</p>	13/14

CORPORATE GOVERNANCE

Functions of the Board

As a Statutory Authority, the Board is the Authority's governing body. It is charged with the responsibility of administering the Country Housing Act 1998 and ensuring compliance with the provisions of the Financial Administration and Audit Act 1985.

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 to exercise due care and diligence.

The Board has 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 law.

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

Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, no Board members or Senior Officers, or firms of which members or Senior Officers are members, or entities in which Members or Senior Officers have substantial interests in existing or proposed contracts with Authority and Members or Senior Officers.

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 and procedures and is well advanced in ensuring risk management processes and procedures are incorporated within 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 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.

CORPORATE GOVERNANCE

Internal Audit Committee

Country Housing Authority utilises the internal audit services of Ernst Young under a contract signed by the Department of Housing and Works. The three year contract is due to expire on 30 June 2002. As required by the Financial Audit and Administration Act (1985), the internal audit committee is an independent appraisal body and provides an overview for audit and review in accordance with the internal audit plan. The committee consists of the internal auditor of the Department of Housing and Works, a CHA Board member, an independent accountant and the Director of CHA.

Organisation Behavior 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 Works 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.
- ▶ Development of rural communities by provision of loans to house service providers, employers and employees to perform vital services to the townsite or region.
- ▶ Revitalising of local communities and retention of people in country areas following natural disasters.

VALUES

The Country Housing Authority aims to embody the following values:

Best practice in service delivery

Commitment to quality

Customer centered

Continuous improvement

Respect, worth, dignity

Open, honest, clear, responsive communication

STRATEGIC SUMMARY

STRATEGIC GOALS

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

- ▶ Maximizing the effectiveness of the Authority, its staff and services;
- ▶ Ensuring that people and businesses remain in country areas by providing access to housing finance that meets their needs;
- ▶ Encouraging 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 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 customers.
- ▶ 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 programs is 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 two way communication with our customers 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 Standards for Business Units for the Department of Housing and Works, which was recently reviewed and updated.

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 Works Code of Conduct for all employees. The Code of Conduct is incorporated into the Department's Customer Service Charter.

FINANCIAL MANAGEMENT

A comprehensive report was commissioned from the WA Treasury Corporation in 1999 to review and make recommendations on the financial management of the Country Housing Authority. The report identified the estimated market size of CHA customers and this information has been incorporated into the performance measure of the Authority's effectiveness.

Policy and procedural recommendations on risk management issues, capital adequacy and other financial operations have also been implemented.

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 2000/2001.

TRAINING AND DEVELOPMENT

The Authority has allocated 2% of payroll to training and development, which equates to approximately \$1,064 per person. During the reporting period several staff participated in training programs relating to information technology, communication and personal development.

All staff of the authority participated in a strategic workshop program during February 2001.

CORPORATE SERVICES

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 2000/2001.

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.

The CHA has been previously assessed in 1999/2000 as being accessible to staff and visitors.

The majority of the Authority's customers are country based and officers conduct business primarily through telecommunications and personal visits.

FREEDOM OF INFORMATION

During the 2000/2001 reporting period, no applications were received for access to personal information under the Freedom of Information Act.

CONSUMER COMPLAINTS

Due to the relatively short period of operation of the Country Housing Authority and its moderately sized customer base, any concerns raised by customers can be responded to promptly by the management of CHA. As a result, no formal or informal complaints were received from any customers, either directly or through a third party during 2000/2001. This is reflective of the Authority's commitment to customer satisfaction and delivering a personalised service. Feedback is sought from customers on levels of satisfaction in the annual Customer Satisfaction Survey and any complaints received would be responded to immediately.

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 CHA from the Department using these avenues.

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

REGIONAL VISITS

The Country Housing Authority continued its direct promotion of services to rural customers, including personal visits to Local Government Authorities, in smaller towns outside the metropolitan and major regional centres. In addition to raising the profile of the Authority to country clientele through the Shire, opportunities for development programs in conjunction with Local Government were identified and implemented.

During 2000/2001 all Shire Councils south of the 26th parallel were visited and promotional material was distributed. It is envisaged that the remaining Shire Councils north of the 26th parallel will be visited in the early part of 2001/2002.

CORPORATE SERVICES

SPONSORSHIP AND PROMOTIONS

The Country Housing Authority was promoted through exhibits at the local Government Week Trade and Technology Exhibition at Burswood Convention Centre in August 2000 and at the Carnarvon Business Expo in May 2001.

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

FIELD DAYS

Country Housing Authority also promotes its service to the rural population through attendance at local events such as the Wagin Woolarama. Other shows/field days visited during 2000/2001 are, Dalwallinu, Newdegate, Mingenew, Esperance, and Gin Gin. The Authority aims to increase its presence at country field days in the year ahead and to also include events in the North West, Kimberley and Gascoyne regions.

PRESENTATIONS TO COMMUNITY GROUPS

The project officer visited several country communities to deliver an audio visual presentation which has been designed to promote CHA services.

Groups visited included, WA Farmers Federation at Busselton, Harvey and Trayning. The Rotary Club of Wongan Hills and the Country Women's Association Regional Conference at Rocky Gully.

PUBLICATIONS

Application forms for each of the Authority's loan programmes are provided in a folder with detailed explanatory information included. Current terms and conditions of the loan are provided and updated regularly to ensure accuracy. Information is included on the GST and First Home Buyers Scheme.

The application packs can be obtained on request by calling the Country Housing Authority on (08) 9325 8200 or toll free on 1800 158 200 for country callers. Application packs can also be obtained in person from Shire Offices, Telecentres, Business Enterprise Centres, Regional Development Offices and members of Parliament Electoral Offices in rural areas or the Authority's office at Suite 20A, 23 Plain St East Perth.

The Annual Report is also available on request from the Authority or can be viewed on the Government web site where it is listed under Annual Reports.

ADVERTISING AGENCIES

Raising awareness of housing assistance offered by CHA continues to be a priority in its third year of operation. Advertising was primarily through country newspapers, local papers and periodicals targeted at the community. No expenditure was recorded for market research organisations, polling organisations, or direct mail agents in 2000/2001.

In compliance with section 175ZE of the Electoral Act 1907, the Country Housing Authority expenditure was as follows:

Expenditure with advertising agencies:

Market Force	\$1,871
Expenditure with media advertising agencies	\$7,887
Total expenditure	\$9,758

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, and only where options are limited.

The CHA's client base includes:

- ▶ Local Authorities who wish to provide housing to a business or service provider within their district
- ▶ Rural employers (including the self-employed)
- ▶ Farmers and pastoralists.
- ▶ Retired farmers who have transferred their total interest in the family farm to another family member

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 readily available in some country areas as in 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 pastoralists, farmers, retired farmers and rural employers have access to housing for themselves, their dependants and their employees, CHA encourages the sustainment and development of country communities.

Security for HFAP loans are generally in the form of a registered mortgage.

In 2000/2001, 70 additional farmers and businesses were assisted under the Housing Finance Access Programme, with approved loans totalling \$5,591,300.

MAJOR PROGRAMS

Housing Development Incentive Programme (HDIP)

The Housing Development Incentive Programme (HDIP) provides incentives to business and service providers in the form of interest rate concessions on housing loans where significant economic and social benefits to the rural town or region can be demonstrated.

Such benefits may include-

- Employment opportunities
- Facilitating exports
- Value adding
- Regional development
- Community development
- Provision of a service or product not available in the town
- Better use of existing infrastructure and services

The HDIP recognises that financial incentives may be required to encourage investment in housing in some country areas. Local Governments providing housing for service providers and businesses requiring housing for employees are major recipients under this programme.

Concessions to the standard housing loan interest rates are available under the HDIP, depending on the level of benefit associated with the project.

During 2000/2001 8 loans for Shires totalling \$1,215,000 were approved under this programme. The loans were provided on a cost recovery basis and were associated with the grant funding provided through the CHA to Shires.

Grant Funding:

In conjunction with the Regional Development Trust Fund and the then Department of Commerce and Trade the Country Housing Authority administered Grant Funds to Shire Councils for housing projects. A total of 33 grants were allocated amounting to \$2,000,000.

In providing this financial incentive for housing projects, the Country Housing Authority is assisting in the provision of essential services to rural communities.

Housing Development Incentive Programme – (HDIP) Natural Disasters

A further initiative of the Housing Development Incentive Programme introduced in 1998/1999 is the Natural Disasters Programme. The HDIP is tailored to meet the specific housing needs of businesses, including farmers and pastoralists affected by a natural disaster.

The immediate responsiveness to disaster situations enables the individuals and regional communities to restore services, by providing essential housing to employees and owners of businesses and farming operations.

MAJOR PROGRAMS

Applicants are eligible for assistance under this programme if their operations are in or near the area affected by the natural disaster, and the financial assistance must add to, repair or replace housing damaged or destroyed by the natural disaster. Benefits to the town or region must meet the requirements of the HDIP in terms of economic or social development.

In 2000/2001 assistance under the HDIP (Natural Disasters Programme) was provided to victims of cyclonic flooding in Carnarvon. Plantations located along the floodplain of the Gascoyne River were affected for a second time in the same year. CHA officers visited the flood devastated area to assess the extent of the damage and the level of assistance required.

A total of 3 loans were approved under the HDIP (Natural Disasters Program) in 2000/2001 totalling \$230,000.

LOAN MANAGEMENT

The Authority self funded all loans provided during the year. It is anticipated that during the next financial year borrowings will be obtained from the W.A. Treasury Corporation (WATC).

Interest Rates

The standard interest rate applied by the Authority (prior to any concessions) varied from

- 8.05% at the commencement of the year
- 8.25% effective from 1 October 2000
- 7.5% effective from 1 March 2001
- 7.75% effective from 1 April 2001
- 7.0% effective from 1 May 2001

during the reporting period.

Increases and decreases to interest rates were in response to variations by the Reserve Bank of Australia to ensure the CHA was not operating in direct competition with the private financial institutions.

LOAN FEES

The Authority has not charged application or loan management fees, and no penalties have applied for early payout of loans or for lump sum or extra payments on standard loans.

LOANS PORTFOLIO

The Authority's loan portfolio of 222 loans is valued at \$16,416,405.

MAJOR PROGRAMS

LOAN LIMITS

The Authority has established limits on the financial assistance available based on the cost of building or purchasing a dwelling and the remoteness of the location. The Authority operates within six zones aligned with the boundaries of the Regional Development Commissions, exclusive of major regional centres.

The maximum loan limits are reviewed annually. The Authority has the discretion to approve an application for assistance where the loan sought is greater than these limits, dependent on the circumstances.

As at 30 June 2001, the limits were as follows:

Zone	Area	Max. Loan
1.	Wheatbelt/Great Southern/South West	\$ 155,000
2.	Kalgoorlie/Esperance	\$ 160,000
3.	Mid West	\$ 165,000
4.	Gascoyne	\$ 175,000
5.	Pilbara	\$ 220,000
6.	Kimberley	\$ 230,000

MAJOR PROGRAMS

AUTHORITY APPROVALS BY LOCAL GOVERNMENT LOCALITIES AS AT 30 JUNE 2001

The following table indicates the Finance Approved in each Shire:

SHIRE	FINANCE APPROVED							
	HOUSING FINANCE ACCESS PROGRAMME		HOUSING DEVELOPMENT INCENTIVE PROGRAMME		HOUSING DEVELOPMENT INCENTIVE PROGRAMME GRANT FUNDING		TOTAL TOTAL APPROVED	
	NO.	\$	NO.	\$	NO.	\$	NO.	\$
ALBANY	3	215,000	0	0	0	0	3	215,000
ASHBURTON	0	0	0	0	0	0	0	0
AUGUSTA/MARG-RIVER	3	214,200	0	0	0	0	3	214,200
BEVERLEY	1	35,000	0	0	0	0	1	35,000
BODDINGTON	0	0	0	0	1	50,000	1	50,000
BOYUP BROOK	5	306,400	0	0	0	0	5	306,400
BRIDGETOWN	1	380,000	0	0	0	0	1	380,000
BROOKTON	1	138,000	0	0	1	50,000	2	188,000
BROOME	3	366,000	0	0	0	0	3	366,000
BROOMEHILL	2	65,000	0	0	0	0	2	65,000
BRUCE ROCK	1	50,000	0	0	1	50,000	2	100,000
BUSSELTON	0	0	0	0	0	0	0	0
CAPEL	0	0	0	0	0	0	0	0
CARNAMAH	0	0	1	400,000	0	0	1	400,000
CARNARVON	1	100,000	6	550,000	0	0	7	650,000
CHAPMAN VALLEY	1	105,000	0	0	0	0	1	105,000
CHITTERING	1	90,000	1	400,000	1	50,000	3	540,000
COLLIE	0	0	0	0	0	0	0	0
COOLGARDIE	0	0	0	0	0	0	0	0
COOROW	2	55,000	0	0	0	0	2	55,000
CORRIGIN	2	75,000	0	0	1	50,000	3	125,000
CRANBROOK	4	255,000	0	0	0	0	4	255,000
CUBALLING	1	50,000	0	0	0	0	1	50,000
CUE	1	130,000	0	0	0	0	1	130,000
CUNDERDIN	1	80,000	0	0	0	0	1	80,000
DALWALLINU	9	666,000	1	100,000	1	50,000	11	816,000
DANDARAGAN	3	335,000	0	0	1	50,000	4	385,000
DARDANUP	0	0	0	0	0	0	0	0
DENMARK	1	55,000	0	0	0	0	1	55,000
DERBY/WEST KIMBERLEY	3	330,000	2	1,140,000	0	0	5	1,470,000
DONNYBROOK/BALINGUP	0	0	0	0	0	0	0	0
DOWERIN	2	35,000	0	0	0	0	2	35,000
DUMBLEYUNG	2	120,000	0	0	0	0	2	120,000
DUNDAS	1	120,000	0	0	0	0	1	120,000
EAST PILBARA	1	43,200	0	0	0	0	1	43,200
ESPERANCE	9	498,000	0	0	0	0	9	498,000
EXMOUTH	2	287,000	14	2,018,500	0	0	16	2,305,500

MAJOR PROGRAMS

SHIRE	FINANCE APPROVED							
	HOUSING FINANCE ACCESS PROGRAMME		HOUSING DEVELOPMENT INCENTIVE PROGRAMME		HOUSING DEVELOPMENT INCENTIVE PROGRAMME GRANT FUNDING		TOTAL TOTAL APPROVED	
	NO.	\$	NO.	\$	NO.	\$	NO.	\$
GERALDTON	0	0	0	0	0	0	0	0
GINGIN	1	104,000	0	0	0	0	1	104,000
GNOWANGERUP	3	181,000	0	0	0	0	3	181,000
GOOMALLING	3	195,000	0	0	1	50,000	4	245,000
GREENOUGH	3	250,000	0	0	0	0	3	250,000
HALLS CREEK	1	30,000	0	0	0	0	1	30,000
HARVEY	0	0	0	0	0	0	0	0
IRWIN	0	0	0	0	1	50,000	1	50,000
JERRAMUNGUP	2	140,000	0	0	0	0	2	140,000
KALGOORLIE/BOULDER	0	0	0	0	0	0	0	0
KATANNING	1	50,000	0	0	0	0	1	50,000
KELLERBERRIN	1	50,000	0	0	0	0	1	50,000
KENT	0	0	0	0	0	0	0	0
KOJONUP	2	200,000	1	255,000	0	0	3	455,000
KONDININ	4	264,000	1	580,000	1	50,000	6	894,000
KOORDA	0	0	0	0	0	0	0	0
KULIN	1	34,200	1	100,000	1	50,000	3	184,200
LAKE GRACE	9	564,900	0	0	0	0	9	564,900
LAVERTON	0	0	0	0	1	50,000	1	50,000
LEONORA	1	136,000	0	0	0	0	1	136,000
MANJIMUP	8	872,000	0	0	0	0	8	872,000
MEEKATHARRA	0	0	1	200,000	0	0	1	220,000
MENZIES	0	0	0	0	0	0	0	0
MERREDIN	2	175,000	0	0	1	100,000	3	275,000
MINGENEW	2	95,000	0	0	1	50,000	3	145,000
MOORA	5	393,500	0	0	1	150,000	6	543,500
MORAWA	1	40,500	0	0	1	50,000	2	90,500
MOUNT MAGNET	0	0	0	0	0	0	0	0
MOUNT MARSHALL	2	40,000	0	0	0	0	2	40,000
MUKINBUDIN	3	197,400	0	0	1	50,000	4	247,400
MULLEWA	2	115,000	1	340,000	1	100,000	4	555,000
MUNDARING	0	0	0	0	0	0	0	0
MURCHISON	0	0	0	0	0	0	0	0
MURRAY	0	0	0	0	0	0	0	0
NANNUP	3	208,500	0	0	1	50,000	4	258,500
NAREMBEEN	4	265,450	0	0	1	50,000	5	315,450
NARROGIN	1	43,000	0	0	0	0	1	43,000
NORTHAM	0	0	0	0	0	0	0	0
NORTHAMPTON	2	105,000	0	0	0	0	2	105,000

MAJOR PROGRAMS

SHIRE	FINANCE APPROVED							
	HOUSING FINANCE ACCESS PROGRAMME		HOUSING DEVELOPMENT INCENTIVE PROGRAMME		HOUSING DEVELOPMENT INCENTIVE PROGRAMME GRANT FUNDING		TOTAL APPROVED	
	NO.	\$	NO.	\$	NO.	\$	NO.	\$
NUNGARIN	1	15,000	0	0	0	0	1	15,000
PERENJORI	1	50,000	0	0	1	100,000	2	150,000
PINGELLY	1	65,000	0	0	1	50,000	2	115,000
PLANTAGENET	3	240,000	0	0	0	0	3	240,000
PORT HEDLAND	4	401,600	2	950,000	0	0	6	1,351,600
QUAIRADING	0	0	0	0	1	50,000	1	50,000
RAVENSTHORPE	5	335,000	2	160,000	1	50,000	8	545,000
ROWBOURNE	2	353,000	0	0	0	0	2	353,000
SANDSTONE	0	0	0	0	0	0	0	0
SERPENTINE/JARRAH	1	60,000	0	0	0	0	1	60,000
SHARK BAY	1	94,500	1	200,000	1	100,000	3	394,500
TAMBELLUP	0	0	0	0	0	0	0	0
TAMMIN	2	165,000	1	300,000	0	0	3	465,000
THREE SPRINGS	2	70,000	1	160,000	1	100,000	4	330,000
TOODYAY	0	0	0	0	0	0	0	0
TRAYNING	0	0	0	0	1	50,000	1	50,000
UPPER GASCOYNE	0	0	0	0	1	50,000	1	50,000
VICTORIA PLAINS	4	262,800	1	130,000	1	50,000	6	442,800
WAGIN	1	50,000	0	0	0	0	1	50,000
WANDERING	0	0	0	0	0	0	0	0
WAROONA	1	35,000	0	0	0	0	1	35,000
WEST ARTHUR	3	120,000	0	0	0	0	3	120,000
WESTONIA	0	0	1	50,000	1	50,000	2	100,000
WICKEPIN	0	0	1	75,000	1	50,000	2	125,000
WILLIAMS	1	145,000	0	0	1	50,000	2	295,000
WILUNA	0	0	0	0	0	0	0	0
WONGAN/BALLIDU	3	166,500	1	430,000	0	0	4	596,500
WOODANILLING	0	0	0	0	0	0	0	0
WYALKATCHEM	0	0	0	0	0	0	0	0
WYNDHAM/EAST	1	150,000	0	0	0	0	1	150,000
KIMBERLEY	0	0	1	280,000	0	0	1	280,000
YALGOO	0	0	0	0	0	0	0	0
YILGARN	1	0	0	0	1	0	0	0
YORK	1	144,000	1	0	1	50,000	1	194,000
	172	12,870,650	42	8,838,500	33	2,000,000	247	23,709,150

INPUTS AND OUTPUTS

COST

The operational cost of the Country Housing Authority

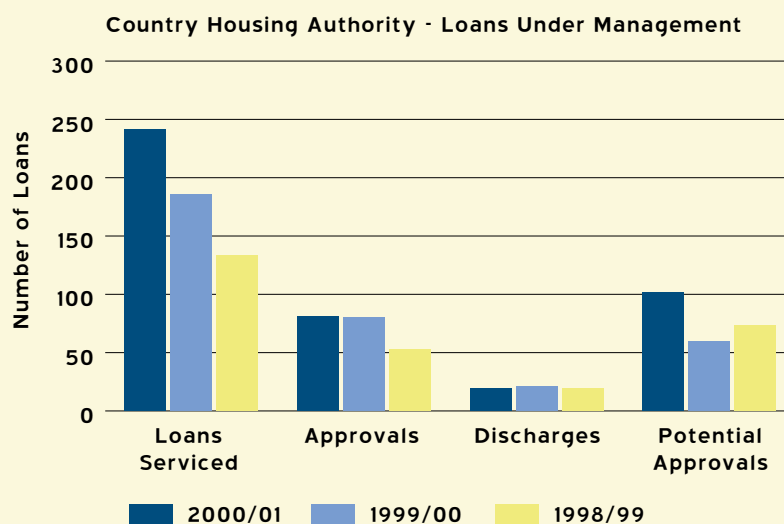
The operational cost for 2000/2001 was a total of \$2,910,000 compared to \$931,000 for the previous year, however, included in the operating cost is expenditure of \$2,000,000 being the cost of the Local Government Initiative introduced during the year. Primary operational costs are in line with expenditure levels in 1999/00.

This initiative provided funding for 33 Shires to construct 40 houses in rural Western Australia. The Authority received a grant through the Department of Industry and Technology of \$2,000,000 to subsidise the cost of this programme.

QUANTITY

The number of loans managed by the Authority and the number of loan applications at different stages of progress.

This measure provides information in regard to loan applications received and the status of the applications at 30 June 2001.



The Authority dealt with 199 applications during 2000/2001, the same as the previous year. Of these, 96 applications were processed resulting in 81 approvals, with 103 remaining unprocessed. Of the total applications dealt with, 139 were fresh applications and 60 were carried over from previous year.

The number of approvals was similar to last year with 81 loans being approved for 2000/2001 compared to 80 for previous year.

Applications outstanding have increased to 103 compared to 60 for 1999/2000.

INPUTS AND OUTPUTS

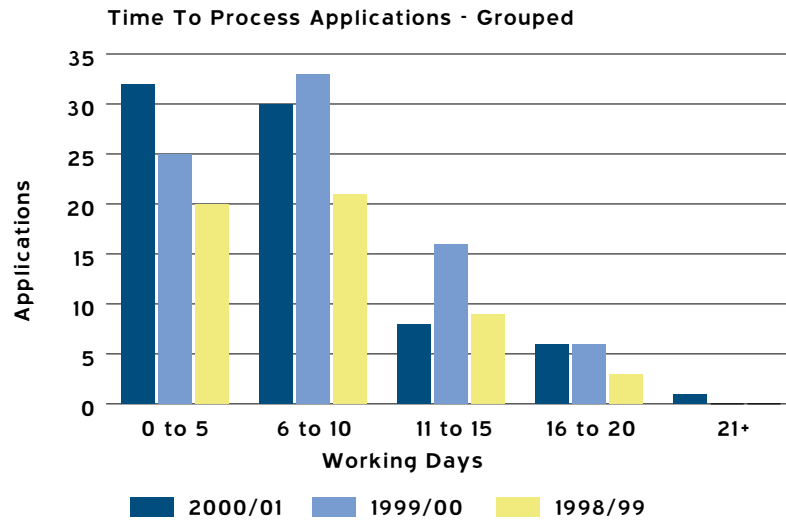
inputs and outputs

TIMELINESS

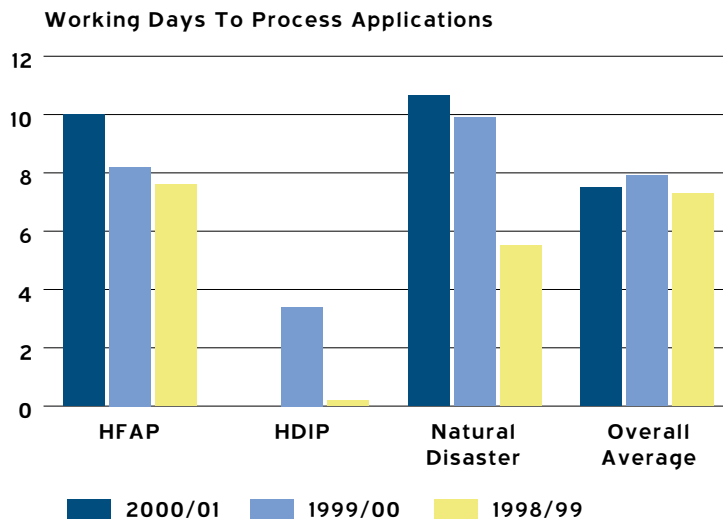
The average time to process applications.

This measure is arrived at by calculating the number of working days from the date of receiving a completed application to the date of approval of the loan by the Board. An application is considered complete when an applicant provides all the necessary financial and housing information.

As the Authority's Board meets on a monthly basis to consider loan applications a target of 20 working days has been set.



The Authority continues to achieve its target of processing all completed applications within 20 working days. In 2000/2001 81% of applications were processed within 10 working days or less compared to 73% in 1999/2000.



This table shows the average number of working days to process applications for each of the programmes administered by the Authority. The overall average for days to process has decreased by 0.4 of a day. The average time taken to process HDIP Natural Disaster loans has increased by 0.76 of a day. There were no lower interest rate loans provided under the Housing Development Incentive Programme this financial year. The number of days to process Housing Finance Access Programme loans has increased minimally from last year.

INPUTS AND OUTPUTS

QUALITY

The measurement of customer satisfaction

During May 2001 a customer survey was conducted to assess customer satisfaction of the service provided by the Authority. A questionnaire was sent to all applicants for loans during 2000/2001. Of the applicants surveyed a response rate of 58 % was attained. Compared to a response rate of 61 % and 42 % in the surveys conducted in previous two years.

Customers were surveyed on their level of satisfaction within three broad areas being:

- the provision of service;
- internal processes; and
- loan product and management.

The table below depicts the overall level of satisfaction of customers with the service provided by the Authority. The result shows that 97.56 % of the applicants who responded were very satisfied or satisfied with the service provided by the Country Housing Authority, compared to 91.37 % in 1999/2000 and 68 % in 1998/1999.

Overall Satisfaction with CHA Service

	2000/2001		1999/2000		1998/1999	
	Number	%	Number	%	Number	%
Very Satisfied	23	56	31	54	7	32
Satisfied	17	43	22	38	8	36
Neither Satisfied nor Dissatisfied	1	1	3	5	3	14
Somewhat dissatisfied	0	0	2	3	1	4
Very dissatisfied	0	0	0	0	0	0
Don't Know/No Opinion	0	0	0	0	3	14
Total Number of Responses	41	100	58	100	22	100

AUDITOR GENERAL'S OPINION

To the Parliament of Western Australia

COUNTRY HOUSING AUTHORITY

PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the key effectiveness and efficiency performance indicators of the Country Housing Authority for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Authority is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Authority's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

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

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Country Housing Authority are relevant and appropriate for assisting users to assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2001.



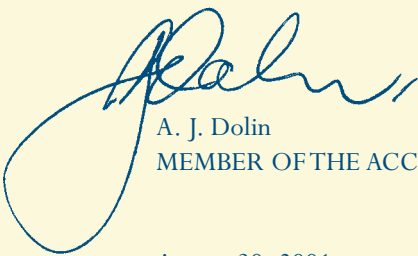
D D R PEARSON
AUDITOR GENERAL
September 14, 2001

CERTIFICATION OF PERFORMANCE INDICATORS

We certify that the accompanying performance indicators are based on proper accounts and records and fairly represent the performance of Country Housing Authority for the year ended 30 June 2001.



S. G. Thorn
CHAIRMAN OF THE ACCOUNTABLE AUTHORITY



A. J. Dolin
MEMBER OF THE ACCOUNTABLE AUTHORITY

August 30, 2001

PERFORMANCE INDICATORS

ROLE

The Western Australian Government aims to encourage the provision of housing as an essential service to rural and remote communities. The role of the Country Housing Authority is to assist the Government in achieving this objectives

OUTCOME

The key outcome of the Country Housing Authority is to facilitate the provision of residential housing in rural areas:

- ▶ for farmers, their employees and retired farmers
- ▶ for persons engaged in certain business.

The Authority has now completed its third year of operation.

KEY PERFORMANCE INDICATORS

EFFECTIVENESS INDICATOR

The extent to which the Country Housing Authority Services the potential market for its products.

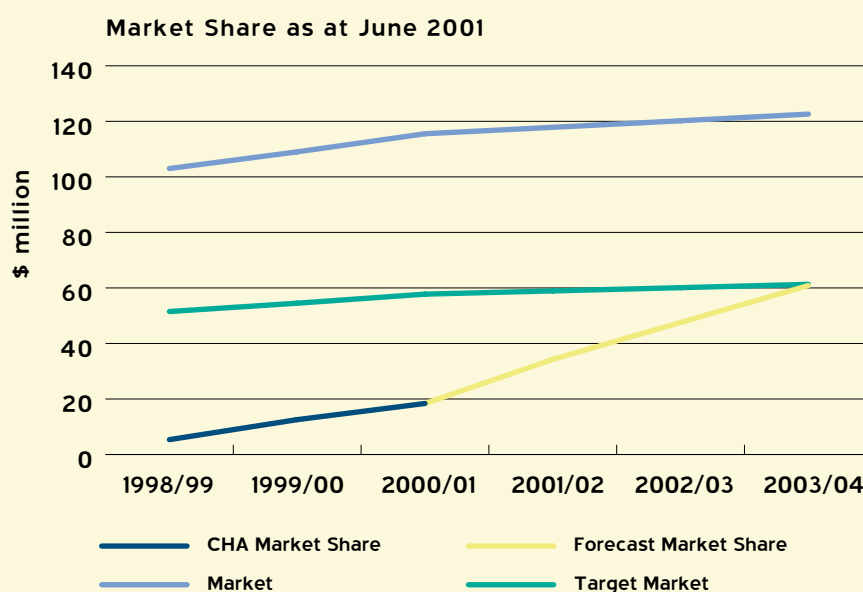
This performance indicator highlights the extent to which the Country Housing Authority provides assistance to housing encouraged by the Government. It provides a measure of the extent to which housing assistance is provided to farmers, including retired farmers and business as a percentage of the potential market available. This indicator does not take into account finance provided to Local Government.

Utilising information obtained from the Australian Bureau of Statistics an analysis was conducted in 1999 and the potential market was determined to be \$103 million. Taking to account growth and CPI increases the estimated market size at June 2001 is \$116 million.

The Authority has set an achievable target of \$55m over the next three years to achieve its aim of 50% of the potential market. An analysis of the target market will be undertaken at that time to guide the future direction of the Authority.

Performance	2000 - 01	1999 - 00	1998 - 99
Number of farmers and business assisted	73	80	63
Value of assistance provided	\$5.821m	\$7.198m	\$5.365m
Market size	\$116m	\$109m	\$103m
Percentage of market penetration	15.90%	11.37%	5.21%
Target penetration	50%	50%	50%

PERFORMANCE INDICATORS



EFFICIENCY INDICATOR

The average cost of loan administered

The total expenses from ordinary activities for the year included an amount of \$2 million which was allocated to Local Government Authorities as an incentive to expand housing facilities in rural Western Australia.

This expense was funded through a grant from the Department of Industry and Technology and as such has been excluded from cost calculations. All other expenses have been included when calculating the average cost of loans serviced as the cost of servicing includes all aspects of providing and maintaining the loan portfolio.

	2000 - 01	1999 - 00	1998 - 99
Average cost per loan administered	\$3,776	\$5,005	\$4,632
Net expenses from ordinary activities	\$910,000	\$931,000	\$616,000
Number of loans serviced	241	186	133
The number of loans serviced is:			
Loans outstanding with balances at year end	222	165	114
Loans discharged throughout the year	19	21	19
	241	186	133

AUDITOR GENERAL'S OPINION

To the Parliament of Western Australia

COUNTRY HOUSING AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the accounts and financial statements of the Country Housing Authority for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Authority is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Authority.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Authority to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Authority's financial position, the results of its operations and its cash flows.

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

Audit Opinion

In my opinion,

- (i) the controls exercised by the Country Housing Authority provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the financial position of the Authority at June 30, 2001 and the results of its operations and its cash flows for the year then ended.



D D R PEARSON
AUDITOR GENERAL
September 14, 2001

CERTIFICATION OF FINANCIAL STATEMENTS

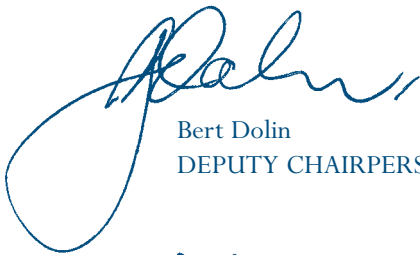
FOR THE YEAR ENDED 30 JUNE 2001

The accompanying financial statements of the Country Housing Authority have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present “fairly the financial transactions for the year ending 30 June 2001, and the financial position as at 30 June 2001”.

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



Shirley Thorn
CHAIRPERSON



Bert Dolin
DEPUTY CHAIRPERSON



P.E. Pride
PRINCIPAL ACCOUNTING OFFICER

August 30th 2001

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2001

financial statements

	Note	2000/01 \$000's	1999/00 \$000's
REVENUE			
Revenues from ordinary activities			
Interest Revenue	2	1,229	1,032
Rent revenue		6	11
Other revenue		0	5
Total revenues from ordinary activities		1,235	1,048
EXPENSES			
Expenses from ordinary activities			
Employee expenses	3	453	384
Supplies and Services	4	298	366
Administration expense	5	72	39
Depreciation expense	6	26	25
Doubtful Debt expense	7	51	109
Subsidies to Local Government	8	2,000	0
Net loss on disposal of non-current assets	13	10	8
Total expenses from ordinary activities		2,910	931
Profit from ordinary activities before grants and subsidies from Government		(1,675)	117
Grants and Subsidies from Government			
Capital Grants from Government	9	2,000	0
NET PROFIT		325	117

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2001

	Note	2000/01 \$000's	1999/00 \$000's
Current Assets			
Cash Assets	10	2,273	3,825
Receivables		0	3
Other Financial Assets	11	1,414	706
Other assets	12	240	187
Total Current Assets		3,927	4,721
Non-Current Assets			
Other Financial Assets	11	15,002	12,315
Plant Property & Equipment	13	183	239
Total Non-Current Assets		15,185	12,554
Total Assets		19,112	17,275
Current Liabilities			
Payables	15	1,769	292
Provisions	16	87	82
Total Current Liabilities		1,856	374
Non-Current Liabilities			
Payables	15	3,442	3,429
Provisions	16	34	17
Total Non-Current Liabilities		3,476	3,446
Total Liabilities		5,332	3,820
NET ASSETS		13,780	13,455
Equity			
Equity contributions		13,000	13,000
Retained profits		780	455
TOTAL EQUITY	17	13,780	13,455

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2000/01 \$000's	1999/00 \$000's
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts			
Interest Received		1,187	968
Rent Received		8	12
Other receipts		4	5
Payments			
Employee costs		(432)	(369)
Supplies and services		(421)	(209)
Local Government Subsidies		(450)	0
Net Cash (used in)/provided by operating activities		(104)	407
CASH FLOWS FROM INVESTING			
Loan repayments received and discharged		1,671	1,039
Proceeds from sale of non-current physical assets		20	0
New loans advanced		(5,118)	(8,325)
Purchase fixed assets		0	(52)
Net cash (used in)/provided by investing activities		(3,427)	(7,338)
CASHFLOWS FROM FINANCING			
Repayment of borrowings		(21)	(20)
Net cash (used in)/provided by financing activities		(21)	(20)
CASHFLOWS FROM GOVERNMENT			
Capital grant received		2,000	0
Net (decrease)/ increase in cash held		(1,552)	(6,951)
Cash assets at the beginning of the financial year		3,825	10,776
Cash assets at the end of the financial year	18	2,273	3,825

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

1 Summary of Significant Accounting Policies

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

General Statement

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

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

The statements have been prepared on the accrual basis of accounting using the historical cost convention.

(a) Grants and Other Contributions Revenue

Grant contributions are recognised as revenue on receipt of cash by the Authority

(b) Depreciation of non-current assets

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

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

Rental properties	5 to 50 years
Furniture and office equipment	10 years
Computer equipment	3 years
Computer software	3 years

(c) Employee entitlements

Annual leave

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

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments, to be made in respect of service provided by employees up to the reporting date. Consideration is given, when assessing expected future payments to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using interest rates to obtain the estimated future cash outflows

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

1 Summary of Significant Accounting Policies continued

Superannuation

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

The liability for superannuation charges incurred under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date.

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

The note disclosure required by paragraph 51(e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in the whole of government reporting. The Government Employees Superannuation Board' records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(d) 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 lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal installments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(e) Receivables

Accounts receivable are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists. No provision has been raised for rental debtors

(f) Accrued Salaries

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

(g) Payables

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

1 Summary of Significant Accounting Policies continued

(h) Amounts due to the Treasurer

Borrowings from the Consolidated Fund are interest free and are repayable in monthly installments.

(i) Loans

Loans are brought to account at the amount advanced plus any interest due less any principal repayments made.

Interest revenue is recognised as it is accrued.

A general provision is made in the accounts for doubtful debt write down of 1.5% of the outstanding accounts at the reporting date.

(j) Revenue Recognition

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

(k) Comparative Figures

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

	2000/01 \$000's	1999/00 \$000's
2 Interest Revenue		
Interest on Cash Assets	250	433
Interest on Loans	979	599
	1,229	1,032
3 Employee Expenses		
Salaries	388	332
Superannuation expense	34	24
Other related expenses	31	28
	453	384
4 Supplies and Services		
Accommodation expense	30	53
Board expenses	48	43
Homeswest administration fee	94	160
Audit Fees	18	18
Office Other Services	33	56
Other	75	36
	298	366

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	2000/01 \$000's	1999/00 \$000's
5 Administration expense		
Communications	17	12
Advertising and promotions	10	8
Stationery and printing	45	19
	<u>72</u>	<u>39</u>
6 Depreciation expense		
Furniture and office equipment	14	10
Computer equipment	4	3
Computer software	2	1
Rental properties	6	11
	<u>26</u>	<u>25</u>
7 Doubtful Debt Expense		
General provision	51	109
	<u>51</u>	<u>109</u>
8 Grants and subsidies		
Capital		
Subsidies to Local Government Authorities	2,000	0
	<u>2,000</u>	<u>0</u>
9 Grants from Government		
Revenues received during the year		
Capital grant	2,000	0
	<u>2,000</u>	<u>0</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	2000/01 \$000's	1999/00 \$000's
10 Cash Assets		
At bank and on hand	723	3,825
Restricted Cash	1,550	-
	2,273	3,825
<p>Restricted cash amounts are grant monies paid to the Authority as funding for Local Government Initiative.</p>		
11 Other Financial Assets		
Current		
Loans	1,414	706
	1,414	706
Non-current		
Loans	15,252	12,514
Provision for Doubtful Debt	(250)	(199)
	15,002	12,315
	16,416	13,021
12 Other assets		
Accrued interest income	225	183
Prepayments	15	4
	240	187

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	2000/01 \$000's	1999/00 \$000's
13 Plant, property and equipment		
At cost	124	124
Accumulated depreciation	(27)	(13)
	97	111
Computing Equipment		
At cost	12	12
Accumulated depreciation	(7)	(3)
	5	9
Computer software		
At cost	4	4
Accumulated depreciation	(2)	0
	2	4
Rental properties		
At cost	85	128
Accumulated depreciation	(6)	(13)
	79	115
	183	239

14 Plant, property and equipment reconciliation

	Total	Furniture & Equipment	Computer Equipment	Computer Software	Rental Properties
Carrying amount at the start of the year	239	111	9	4	115
Additions	0	0	0	0	0
Disposals	(30)	0	0	0	(30)
Depreciation	(26)	(14)	(4)	(2)	(6)
Carrying amount at the end of the year	183	97	5	2	79

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	2000/01 \$000's	1999/00 \$000's
15 Payables		
Current		
Administration expenses	180	218
Subsidies to Local Government	1,550	0
Audit Fees	18	18
Amounts due to the Treasurer	21	56
	1,769	292
Non-current		
Amounts due to the Treasurer	3,442	3,429
	3,442	3,429
Total payables	5,211	3,721
16 Provisions		
Current		
Annual leave	35	34
Long service leave	52	48
	87	82
Non-current		
Long service leave	34	17
	34	17
17 Equity		
State equity contribution	13,000	13,000
<p>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</p>		
Retained profits		
Opening balance	455	338
Net Profit	325	117
Closing balance	780	455

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	2000/01 \$000's	1999/00 \$000's
18 Notes to the Statement of Cash Flows		
(a) For the purposes of the Statement of Cash Flows, cash includes cash at bank and cash on hand.		
Cash at bank	2,273	3,825
(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 / (used in) operating activities		
Profit from ordinary activities	325	117
Non-cash items:		
Depreciation expense	26	25
Doubtful Debt expense	51	109
Loss on sale of assets	10	8
Grants received from Government	(2,000)	0
(Increase)/decrease in assets:		
Current receivables		
Receivables	3	(3)
Other Assets	(53)	(69)
Increase/(decrease) in liabilities:		
Payables	1,512	220
Provisions	22	0
Net cash provided by/(used in) operating activities	(104)	407

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

2000/01 \$000's	1999/00 \$000's
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19 Commitment for expenditure

(a) The Authority has no capital expenditure contracted for and not recognise in the accounts.

(b) Lease commitments

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

Office accommodation

The Department of Housing and Works has entered into a lease agreement on behalf of the Authority for the provision of office accommodation and passes the rental expense to the Authority.

Within 1 year	24	12
Later than 1 year and not later than 5 years	18	0
	42	12

The Department of Housing and Works also has 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

20 Contingent Liabilities

In addition to the liabilities incorporated in the financial statements, the Authority has the following contingent liabilities:-

(a) The Authority has, with the approval of the Treasurer, indemnified certain approved lenders who have advanced monies to residential housing borrowers

The total indemnity issued amounts to \$172,800

Amounts outstanding total \$64,656.00

The approved lenders hold a registered mortgage over real property for all amounts advanced.

21 Events Occurring After the Reporting Date

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

22 Explanatory Statement

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

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$50,000

	Variance	2000-01 \$000s	1999-00 \$000s
Interest Revenue			
Interest revenue has increased through an increase in level of outstanding loans and an increase in the average interest rate in the first half of the year.	197	1,229	1,032
Employee costs	69	453	384
The variance is due to previously agreed increments in employment conditions and an increase in staffing levels in the year.			
Supplies and services	(68)	298	366
The decrease is due primarily to the replacement of contractors with employed staff			
Doubtful debt expense	(58)	51	109
The provision for doubtful debt reflects a general provision of 1.5% of outstanding monies at the reporting date. Previous years provision reflected an increase in the general rate over two years.			
Local Government Subsidies			
During the year the Authority provided subsidies to 33 shires to assist in the construction of 40 residences under a new initiative.	2,000	2,000	0
Grants from Government	2,000	2,000	0
A once off payment was received to provide assistance to rural Local Government Agencies to provide residential housing in the community			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

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

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% or \$50,000.

	Variance	Actual \$000s	Estimates \$000s
Interest	56	1,229	1,173
Interest received was higher than anticipated due to higher rates obtained in the first half of the year offsetting lower lending programs.			
Interest expense	(55)	0	55
The authority did not undertake any borrowings during the year thereby it did not incur any interest charge during the year.			
Doubtful debt expense	(97)	51	148
Doubtful debt expense is lower than anticipated due to a lower than estimated level of outstanding loans at the end of the financial year.			
Local Government Subsidies			
Expenditure was on new initiatives not previously included in budget submissions for the current year.	2,000	2,000	0
Grants from Government			
Payment was received for the Local Government Initiative that had not been previously budgeted	2,000	2,000	0

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

23 Financial Instruments

(a) Interest Rate Risk Exposure

Loans - Farmers, retired farmers and rural employers

Loans are carried at their drawn down amount less principal repayments plus earned interest less any provision for doubtful debt Interest is only recognised when earned.

Loans - Local and Statutory Authorities

Loans are carried at their drawn down amount less principal repayments plus earned interest less any provision for doubtful debt. Interest is only recognised when earned.

	Fixed Interest Rate Maturity					Total
	Weighted Average Effective Interest Rate	Variable Rate	1 to 5 years	More than 5 years	Non Interest Bearing	
2000 - 01						
Financial Assets						
Cash assets	6.74%	2,273				2,273
Other Financial Assets						
Loans - Farmers, retired farmers and rural employers	7.18%	11,063				11,063
Loans - Local and Statutory Authorities	5.96%		100	5,253		5,353
Other					240	240
		13,336	100	5,253	240	18,929
Financial Liabilities						
Payables	0.00%				5,211	5,211
1999 - 00						
Financial Assets						
Cash assets	5.35%	3,825				3,825
Other Financial Assets						
Loans - Farmers, retired farmers and rural employers	7.08%	8,765				8,765
Loans - Local and Statutory Authorities	5.92%		-	4,452		4,452
Other					190	190
		12,590	0	4,452	190	17,232
Financial liabilities						
Payables	0.00%				3,721	3,721

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

23 Financial Instruments continued

(b) 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.

(c) Net Fair Values

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

24 Remuneration and Retirement Benefits 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 and other benefits received, or due and receivable, for the financial year, fall within the following bands are:

	2000/01	1999/00
\$0 - \$10,000	3	3
\$10,000 - \$20,000	1	1
	\$000s	\$000s
Total remuneration of members of the Accountable Authority	34	28

Retirement Benefits of the Accountable Authority

In respect of the Accountable Authority, the following amounts were paid or became payable during the financial year:

Contribution to Government Employees Superannuation Act Scheme	3	2
	3	2

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

23 Financial Instruments continued

Remuneration of Senior Officers

In respect of Senior Officers other than members of the Accountable Authority, the total of fees, salaries and other benefits received, or due and receivable, for the financial year, fall within the following bands are:

	2000/01	1999/00
\$40,000 - \$50,000	1	0
\$70,000 - \$80,000	1	1
\$80,000 - \$90,000	1	1
	\$000s	\$000s
Total remuneration of Senior Officers is:	207	148

Retirement Benefits of Senior Officers

In respect of Senior Officers other than members of the Accountable Authority, the following amounts were paid or became payable during the financial year.

Contributions to Government Employees Superannuation Act Scheme	20	5
	20	5

25 Remuneration of the Auditor

Total fees paid or payable to the Auditor General for the financial year were:-

Audit fees	18	18
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

	<u>2000/01</u>	<u>1999/00</u>
26 Supplementary Information		
(a) Write Offs		
There were no write offs of public property during the year	0	12
	-	12
(b) Losses		
Losses of public money		
Amounts recovered		
There were no bad debts written off or recovered during the financial year.		

27 Output Information

The Authority produces one output being the provision of residential housing finance to farmers, retired farmers and rural employers in rural Western Australia and therefore does not separately prepare segmented financial information.

ANNUAL ESTIMATES 2001-02

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE	<u>2001/02</u>
Revenues from ordinary activities	
Interest Revenue	1,627,523
Interest from Treasury	114,476
Rent	2,165
Other	-
Total revenue from ordinary activities	<u>1,744,164</u>
EXPENSES	
Expenses from ordinary activities	
Employee costs	544,747
Administration expenditure	293,071
Accommodation expense	29,400
Interest expense	399,258
Depreciation	18,000
Provision for Doubtful Debt	224,948
Grants and subsidies	-
Total expense from ordinary activities	<u>1,509,424</u>
Net Profit	<u>234,740</u>

HOW TO CONTACT US

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Visit the Department of Housing and Works website www.dhw.wa.gov.au



2001

COUNTRY HOUSING AUTHORITY



ANNUAL REPORT