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The Hon Cherie Burton MP
Minister for Housing
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Ms Burton

We have pleasure in presenting the annual report of the Aboriginal Housing Office for the year ended 30 June 2005.

The report has been prepared for submission to Parliament in accordance with the provisions of the Annual Reports (*Statutory Bodies*) Act 1984, and is submitted in accordance with Section 9A of that Act.

The report details the achievements of the Aboriginal Housing Office and provides all required statutory and financial information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ann Weldon'.

Ann Weldon
Chairperson
NSW Aboriginal
Housing Board

A handwritten signature in black ink, appearing to read 'Russell Taylor'.

Russell Taylor
Chief Executive
NSW Aboriginal
Housing Office

Chairperson's Report



The last day of June 2005 is very much the end of an era for the Aboriginal Housing Board. The date marks the expiration of all current Board members' terms of office and the end of a structure that allowed the appointment of nominees from the now defunct Aboriginal and Torres Strait Islander Commission (ATSIC).

The Board members who have served since the establishment of the AHO in 1998 include elders such as Living Legend Lyall Munro Snr, Eddie Briggs, John Delaney and Neita Scott – all of whom brought special personal qualities and extraordinary life experiences to Board deliberations. They have been an inspiration to me and, together with the other Board members, have helped to mould the AHO through setting strategic and policy directions.

At the time of writing this report in June 2005, the Minister for Housing has not yet announced the appointment of the new Board. It will, however, be quite different in composition to its predecessor due the prevailing political climate, the most significant feature of which is the lack of an elected national body to represent Indigenous people. Under the previous arrangements, the six ATSIC Regional Council chairpersons had been that body's nominees to the Board.

The new Board will also be much smaller, with six members plus an independent Chair and the AHO's Chief Executive as a non-voting member. A review of Board numbers post ATSIC was necessary to ensure that the AHO is able to direct limited resources to the primary purpose of buying, building and upgrading housing for Indigenous people. All appointments will be merit-based, which is in keeping with our cultural tradition. While the new Board will chart its own course, it will be able to draw on the governance framework previously put in place, including the AHO Board Charter. The charter, which incorporates values, principles and procedures, was finalised in 2004-05.

One of the first challenges for the incoming Board will be to oversee the AHO's implementation of the NSW Government reform package, Reshaping Public Housing. The reforms, announced in April 2005, are designed to ensure a fair public housing system, to promote tenant responsibility and, taking into account reduced Federal Government funding for NSW public housing, to meet needs well into the future. The Board and the AHO have agreed that these reforms should apply to AHO owned properties and are in keeping with our emphasis on the sustainability of the Aboriginal community housing sector.

In 2005-06, NSW will not only have a new Board providing direction to the AHO but also, at the grass roots level, new Regional Aboriginal Housing Committees. These Committees are an important consultative mechanism and make an important contribution to the development of local Aboriginal housing programs and policies. This year the Committees' terms of reference were reviewed to ensure they are able to maintain this important role. The review included the addition of a code of conduct

for members to ensure they have clear guidance on their roles and responsibilities.

The AHO, with its all-Indigenous Board, is a unique organisation that reflects Aboriginal culture and values. While the AHO has a solid history of achievement, there is much work that need to be done to ensure that the NSW Aboriginal community's housing needs continue to be met. It is for this reason that the AHO's strategies aimed at progressing a sustainable Aboriginal community housing sector are so important.

Only by retaining the AHO as a discrete entity can we continue to help Indigenous people in NSW determine their own future.

Thank you to the outgoing AHO Board for your invaluable support, advice and friendship over a period of years. My thanks also go to Chief Executive Russell Taylor who has done a fine job in his first full year with us.



Ann Weldon
Chairperson
NSW Aboriginal Housing Board

Members of the NSW Aboriginal Housing Board meeting at Parliament House in Sydney, December 2004



Chief Executive's Report



Like all government organisations, the AHO operates in a dynamic environment that each year poses fresh challenges. The Chairperson has already alluded in her report to some of the challenges facing the AHO and I will continue the theme later. My initial focus will be on some of the advances made in 2004-05 that will give us the clarity of direction, systems and structure, and leadership credentials to both fulfil our legislative charter and respond strongly to issues impacting on the Aboriginal housing sector and our communities in NSW. These achievements should be noted in addition to the solid program outcomes reflected elsewhere in this report.

One of the key developments over the reporting year has been the finalisation of a strategic plan for the years 2005-06 to 2007-08. The plan was prepared following extensive consultation with the Aboriginal community and is aligned with the national and NSW policy frameworks articulated in the papers *Building a Better Future: Indigenous Housing to 2010* and *Two Ways Together* respectively.

It emphasises a collaborative approach with other agencies. At the core of the plan are three strategic priorities: *sustainable services* – an ability to cover the operating costs of providing housing services and the skills to manage housing organisations and structures; *sustainable growth* – an ability to meet future housing needs; and *sustainable assets* – an ability to cover repairs and maintenance costs to ensure properties are in a satisfactory condition. Performance against the plan will be closely monitored.

Another major achievement was the first ever review of the AHO's regional planning cycle, which includes the annual registration of community housing providers, the expression of interest process under which providers apply for AHO funding, and the operation of the Regional Aboriginal Housing Committees. The recommendations coming out of the review, which the Board has endorsed, will streamline procedures, reduce duplication and lessen administrative pressures on providers. The AHO will roll out the changes over several years, keeping all stakeholders informed at each step.

In recent years the AHO has undergone significant internal change as responsibilities have been devolved from central office to the regions in the interests of better service delivery and engagement with Aboriginal communities. In 2004-05, an independent review of progress under what is known as the *Moving Forward* strategy led to further structural modification, chiefly the creation of the position of Director, Housing Services to oversee regional operations. Appointments to this and several other senior positions will be finalised in 2005-06. Delegations were also revised to give regional managers the decision-making authority commensurate with their responsibilities.

As noted in an earlier annual report, the AHO is leading the Inner City Aboriginal Homelessness Research Project. The project aims are to investigate the pathways of Aboriginal people into, within and out of homelessness and put forward

strategies to address immediate and ongoing accommodation and other support needs. The final report, due early in 2005-06, will take into account feedback on the draft which recommends a holistic approach based on partnerships between the different agencies working with homeless Aboriginal people in the inner city.

Turning again to the challenges for the AHO next year, in addition to implementing the Government's Reshaping Public Housing reforms, we will be taking a more proactive approach to sector reform, including exploring the benefits of adopting a stronger regulatory role. The results should be improved sector viability.

Looking at the broader context, the AHO awaits finalisation of the review of the *Aboriginal Land Rights Act 1983*. The AHO must ensure that we are well positioned to respond to any changes that may impact on the Aboriginal housing sector and be ready to support the NSW Aboriginal Land Council with implementation.

The AHO is also working through how best to engage in the consultative process set up by the NSW Department of Aboriginal Affairs to improve outcomes for Aboriginal people under the *Two Ways Together* plan. *Two Ways Together* incorporates two significant elements: *Making Service Work* which establishes what services need to be provided, and *New Ways of Doing Business with Aboriginal People*, which establishes how these services will be provided. The challenge is to ensure that the AHO can effectively support implementation of the plan at all levels, in particular at the regional and community levels. I believe that the AHO, with the recent devolution of responsibilities to our regional offices, will succeed in addressing this challenge.

On the national front, the AHO's responsibilities involve the negotiation of the Indigenous Housing Agreement (IHA) with the Australian Government.

This bi-lateral

agreement sets the terms for the pooled funding arrangements, which guide the AHO's policy directions and program activities. Due to delay in finalising the IHA, the Australian and NSW governments have agreed to the extension of existing bilateral arrangements to 30 September 2005 whilst the new three-year Indigenous Housing and Infrastructure Agreement is being drawn up.

The IHA for 2005-06 to 2007-08 will include provision for the Australian and NSW governments to jointly review the State's administration of Indigenous housing and related infrastructure.

I would like to thank both Ministers with whom the AHO has worked over the reporting period – the Hon Carl Scully and the Hon Joe Tripodi. I must also acknowledge the cooperation received from the NSW Department of Aboriginal Affairs, the NSW Department of Housing and the Australian Department of Family and Community Services.

In closing, I would also like to pay tribute to the outgoing members of the Aboriginal Housing Board and the Chairperson, Ann Weldon, for their leadership in guiding the AHO's strategic direction. Finally, my special thanks to the staff of the AHO for their commitment and contribution towards better housing choices for Aboriginal people in NSW.



Russell Taylor
Chief Executive
Aboriginal Housing Office

Overview of the Aboriginal Housing Office

Charter

The Aboriginal Housing Office (AHO) is a statutory authority established on 24 July 1998 by the *NSW Aboriginal Housing Act 1998*. The AHO is governed by an all-Aboriginal Board which provides advice to the Minister on Aboriginal housing issues in NSW. Our objectives, as set down in the Act, are:

- to ensure that Aboriginal people and Torres Strait Islanders have access to affordable, quality housing;
- to ensure that such housing is appropriate to the social and cultural requirements, living patterns and preferences of the Aboriginal people or Torres Strait Islanders for whom it is provided;
- to enhance the role of Aboriginal people and Torres Strait Islanders in determining, developing and delivering policies and programs relating to Aboriginal housing;
- to ensure that priority is given, in providing housing assistance for Aboriginal people and Torres Strait Islanders, to those individuals most in need;
- to increase the range of housing choices for Aboriginal people and Torres Strait Islanders to reflect the diversity of individual and community needs;
- to ensure that registered Aboriginal housing organisations are accountable, effective and skilled in the delivery of Aboriginal housing programs and services;
- to ensure that the Aboriginal Housing Office's programs and services are administered efficiently and coordinated with other programs and services to assist Aboriginal people and Torres Strait Islanders; and,
- to encourage the sustainable employment of Aboriginal people and Torres Strait Islanders in the delivery of Aboriginal housing assistance.

Role and functions

The AHO, under the direction of the Board, plans, administers and expands the policies, programs and asset base for Aboriginal housing in NSW. This includes allocating resources, developing sector-wide policy, planning, and monitoring outcomes and performance in the Aboriginal housing sector.

The AHO manages and coordinates a substantial annual capital works program, and the development and implementation of a range of financial and resourcing strategies. In addition, the AHO has an important role in facilitating and improving employment and training opportunities for Aboriginal people within the Aboriginal housing sector.

In carrying out its functions, the AHO is guided by the principles of self-determination and self-management for Aboriginal people. The AHO therefore strives to maximise the involvement of Aboriginal housing providers and the Aboriginal community, including tenants and housing applicants, in the development

of housing policy and standards, and the delivery of housing programs.

Structure

In 2004-05, a review of the AHO's senior executive structure was undertaken to ensure that the devolution of certain responsibilities to regional offices had achieved the desired aims of better service delivery and engagement with local communities. The review led to the creation of the position of Director, Housing Services to oversee regional operations. An appointment to this and several other senior positions will be finalised early in 2005-06.

The AHO also reviewed delegations to ensure that regional managers and their staff have the decision-making authority to undertake their responsibilities.

Senior management

As a result of the changes at senior management level, at 30 June 2005 the AHO's senior management team comprised:

Chief Executive

Russell Taylor Grad Dip Public Sector Mgt, Grad Dip Arts, MBA

A/Executive Director and Deputy Chief Executive

Ross Hampton

Director, Housing Services Branch

Position vacant

Director, Corporate Services Branch

Aldo Manitta BA, Grad Cert Public Sector Mgt

Director, Asset Management Branch

Les Evans B Building, Masters in Mgt – Public Sector Mgt

Director, Policy and Planning Branch

Karen Walsh Cert Social Work, Dip Applied Social Science, Master of Social Policy

A/Director, Executive and Client Services Branch

Julie Morgan



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Office hours

Our normal operating hours are from 9am to 5pm Monday to Friday, excluding public holidays. Some of the smaller regional offices may be unattended while project officers are working in the community. Officers are however always contactable by phone.

A four bedroom home built at Menindee as part of the construction project funded under the Housing Aboriginal Communities Program (HACP)



The Aboriginal Housing Board

Composition

Under the NSW Aboriginal Housing Act 1998, the Minister for Housing determines the composition of the NSW Aboriginal Housing Board (the Board) and may appoint between six and fourteen members, all of whom must be Aboriginal. The AHO Chief Executive is also a Board member but has no voting rights.

The Minister has appointed:

- an independent Chairperson
- five specialist community representatives
- six Aboriginal and Torres Strait Islander Commission nominees
- one NSW Aboriginal Land Council nominee
- the Chief Executive of the AHO (non-voting member).

Role

In close consultation with NSW Aboriginal communities through the Regional Aboriginal Housing Committees (RAHCs) and in accordance with the Act, the Board advises the Minister regarding the policies and strategic direction of the AHO.

In undertaking this role, the Board also oversees the operations of the AHO to ensure that the Office:

- complies with all statutory and legal requirements
- performs satisfactorily.

Appointment

Under the Agreement between the Commonwealth Government, ATSIC and the NSW Government on the Provision and Management of Housing and Housing Related Infrastructure for Aboriginal people and Torres Strait Islanders (the Trilateral), ATSIC had been nominating up to six members of the Board.

The Memorandum of Understanding between the NSW Government and the NSW Aboriginal Land Council (NSWALC) allows the latter to nominate one Board member.

The term of appointment of the Chairperson and all Board members expired on 30 June 2005, at which time the NSW Aboriginal Housing Board comprised:



Ann Weldon	Chairperson
Stephen Blunden	ATSIC nominee
Robert Carroll	ATSIC nominee
Sam Jeffries	ATSIC nominee
Keith Morgan	ATSIC nominee
Lyall Munro Snr	ATSIC nominee
Eddie Briggs	Specialist community member
John Delaney	Specialist community member
Des Jones	Specialist community member
Neita Scott	Specialist community member.
William Johnstone	NSWALC representative
Russell Taylor	Chief Executive (non-voting)

During the year, specialist community member James Allen and ATSIC nominee Marcia Ella Duncan resigned from the Board. In view of the short period of time until the terms of appointment of all Board members expired, no action was taken to replace them.

Board meetings

The Board held seven meetings in 2004-05 over a total of 17 days. Attendance is shown in the following table.

	Eligible to attend	Days eligible to attend	Full meetings attended	Part meetings attended	Days attended
Ann Weldon	7	17	7	nil	17
Russell Taylor	7	17	6	1	16
Stephen Blunden	7	17	7	nil	17
Eddie Briggs	7	17	6	1	16
Robert Carroll	7	17	6	nil	16
John Delaney	7	17	6	1	16
Marcia Ella Duncan	3	9	3	nil	9
Sam Jeffries	7	17	6	1	14
William Johnstone	7	17	1	1	3½
Des Jones	7	17	7	nil	17
Keith Morgan	7	17	7	nil	13
Lyall Munro Snr	7	17	7	nil	17
James Allen	5	12	3	1	9
Neita Scott	7	17	6	1	16



Above:
A four bedroom home at Menindee by during 2004/05

Opposite:
Town houses at Nambucca under construction through the
Housing Aboriginal Communities Program (HACP)

Profile of all Board members serving in 2004-05



Ann Weldon (Chairperson)

A member of the Wiradjuri nation, Ann held positions with the Aboriginal Legal Service, NSW Aboriginal Land Council, Aboriginal Children's Service and the Aboriginal Housing Development Committee before her appointment to the inaugural Aboriginal Housing Board in 1998. Ann was a member of the Sydney ATSIC Regional Council for over 10 years, including a term as Chairperson. Ann maintains that the housing conditions of Aboriginal people will only improve when Aboriginal housing is effectively managed by and for Aboriginal people. In keeping with Wiradjuri tradition, she believes in 'leaving legacies and not building empires' for all Aboriginal people in NSW.



James Allen

James is a Kamilaroi man born in Quirindi. He lives in Batemans Bay where he has managed the Murra Mia Aboriginal Tenants Advice Service for the past eight years. Jim is a member of the Batemans Bay Local Aboriginal Land Council and the Budawang Housing Corporation. He is currently a member of the Housing Appeals Committee. Jim is committed to the advancement of Aboriginal people through housing, employment, health and equal opportunity.



Stephen Blunden

A Dunghutti/Ngumba man born in Kempsey, Stephen has worked in Aboriginal affairs over 31 years, chairing the ATSIC Many Rivers Regional Council and presiding for 16 years as chief executive of the Durri ACMS in Kempsey. He has held also positions with the Australian Department of Aboriginal Affairs and the Aboriginal Development Commission. Current roles include membership of the NSW Aboriginal Health and Medical Research Council and National Aboriginal Community Controlled Health Organisation.



Eddie Briggs

Eddie was born in Armidale, one of a family of eight, and has lived there for most of his life. Involved in Aboriginal community development from an early age, Eddie is a founding member of the Armidale Community Development Employment Program (CDEP). He has also been a member of the Kamilaroi Regional Aboriginal Housing Committee, an ATSIC regional councillor and chairperson of the CDEP portfolio. Edward is humbled to have the opportunity to contribute to the work of the AHO.



Robert Carroll

Robert Carroll was born in Narrandera and is a member of the Wiradjuri nation. He has lived in Griffith for the past 23 years. Robert has served on the Binaal Billa ATSIC Regional Council and has actively advocated for Aboriginal rights at local, state, national and international forums. He has successfully lobbied both State and Australian governments to be more responsive and accountable to Indigenous people on a range of social issues.



John Delaney

John is a member of the Kamilaroi nation and was born on the Burra Bee Dee Mission near Coonabarabran. He has held positions on the NSW Aboriginal Land Council and the Sydney ATSIC Regional Council. Currently he chairs the National Research Agenda Working Group on Aboriginal and Torres Strait Islander Health and the Aboriginal Heritage Commission. A firm supporter of Aboriginal rights, John has worked as a volunteer with Aboriginal Employment and Enterprise Development in western and south-western Sydney.



Marcia Ella Duncan

Marcia is a Yuin woman who was born and raised at La Perouse, Sydney. Marcia has worked with Aboriginal people in a range of Public Sector roles including Aboriginal juvenile offenders, families in crisis with children at risk of removal, and as Executive Officer with the Aboriginal Justice Advisory Council. Marcia also volunteers many hours to coaching young netballers. Marcia is particularly interested in issues impacting on the housing needs of young Aboriginal people, and the growing housing needs of the Sydney Aboriginal community.



Des Jones

Des Jones is a Murra Warri man from Brewarrina. He spent many years in the Northern Territory and now lives in Wentworth. His engagement in Aboriginal development programs spans 20 years and includes work in the health, housing and employment sectors. This experience has enabled Des to understand the issues affecting Aboriginal people at local and regional levels. Des feels that good governance must accompany any move towards professional service provision for our people.



Sam Jeffries

Sam is a Morrawari man, born and raised in Brewarrina. Over the last 21 years he has lived in Lightning Ridge where he has initiated local housing and economic projects for Aboriginal people. Sam has been a member of ATSIC and was chairperson of the Murdi Paaki ATSIC Regional Council for several terms. A Walgett Shire councillor in 1999, Sam advocates empowerment of Aboriginal people through greater local and regional autonomy.



Keith Morgan

Keith is a Wiradjuri man from Narrandera. Formerly chairperson of the ATSIC Queanbeyan Regional Council, Keith has served on such diverse committees as the ACT Council of Australian Governments Steering Committee, the Aboriginal Health and Medical Research Council and the Indigenous Fishing Strategy Working Group. His academic qualifications include a Masters Degree in Indigenous Health. Keith understands the great challenges ahead for Aboriginal and Torres Strait Islander people and is willing to lead the way in the Queanbeyan region.



William Johnstone

William has a long history in Aboriginal affairs at both national and state levels. In 1995 he established the Maari Ma Aboriginal Health Corporation in far western NSW to provide equitable, accessible and appropriate health services to Aboriginal communities. He also founded the Aboriginal Primary Health Care Service in Broken Hill and was inaugural chairperson of the ATSIC Murdi Paaki Regional Council. In 1999 William became the first Aboriginal to be elected to the NSW Royal Flying Doctor Service Board. His present position is chief executive of the NSW Aboriginal Land Council.



Lyall Munro (Snr)

Born in Tingha but now living in Moree, Lyall has been active in Aboriginal affairs for almost 50 years during which time he has earned worldwide respect as an Indigenous leader. He was instrumental in founding both the Aboriginal Legal Service and Aboriginal Medical Service and participated in the historical ground breaking Freedom Ride. Lyall has chaired the Kamilaroi ATSIC Regional Council. Among other honours, he was recognised as a 'legend' at the 2003 NSW Aboriginal Housing Conference.



Neita Scott

Neita was born at Narromine and has been involved in a wide spectrum of Aboriginal issues. She has delivered papers at international forums on Aboriginal issues and worked on a draft

Declaration for Indigenous People's Rights. Neita has been a member of the Aboriginal Housing Development Committee, councillor for the Central Region of the NSW State Aboriginal Land Council, member of the Premier's Council for Women, Rural Women's Advisory Council and Narromine Health Council.

Board committees and working groups

The Board's committees and working groups operating in 2004-05 were as follows.

Audit Committee

The committee oversees and guides the AHO on statutory compliance, risk management and organisational performance.

Corporate Directions Working Group

The group aims to establish and monitor corporate performance for key operational areas, for example, performance against targets set in the AHO/NSW Treasury Statement of Financial Performance and the Commonwealth/State Housing Agreement.

Employment and Training Working Group

The group develops policy and strategic options for improving employment and training opportunities for Aboriginal people in housing construction and maintenance and project management.

Policy, Planning and Community Consultation Working Group

The group is responsible for developing a strategic policy and planning cycle and monitoring the effectiveness of AHO consultative mechanisms, such as the Regional Aboriginal Housing Committees, summits and the biennial Aboriginal Housing Conference.

Program Review Working Group

The group's function is to develop a risk management plan and monitor performance in the key areas of housing purchasing, building standards, quality assurance and direct grants.

Regional Aboriginal Housing Committees

The NSW Aboriginal Housing Act 1998 requires the AHO to establish a Regional Aboriginal Housing Committee (RAHC) for each AHO region. Under the Act, the Board determines the membership, constitution and procedures of all such committees.

The two main functions of the committees are:

- to advise the Board on Aboriginal housing issues
- to carry out other functions as delegated by the Board, including planning the Aboriginal housing program at a regional level.

The term of appointment of current RAHC members initially expired on 30 June 2004, however, all appointments were extended to 30 June 2005 to allow completion of negotiations with the Australian Government on the bilateral agreement.

The AHO called for expressions of interest in appointment to the new RAHCs in latter half of 2004-05. Committee membership will be finalised soon after appointment of the new Board.

Performance Summary

The following table shows quantitative outputs for each key performance area as at 30 June.

Developing sustainable housing	Output 03-04	Output 04-05
Registered Aboriginal housing organisations	259	279
Aboriginal housing organisations meeting key performance indicators	65	68
Organisations signing AHO housing agreements		
• under the HACP	14	23
• repairs and maintenance	61	92
• Community and Organisational Development and Management Models	3	5
Total	78	120
Aboriginal housing organisations with CentrePay agreements	119	144
Organisations assisted through operational subsidies	2	5
Focusing on asset management	Output 03-04	Output 04-05
AHO houses upgraded	386	217
Expenditure on AHO Upgrade Program	\$13.370M	\$6.421M
Number of Aboriginal community houses repaired under the Repair and Maintenance Program	1,490	1,416
Expenditure under the Repair and Maintenance Program	\$12.877M	\$18.273M
Increasing access to housing	Output 03-04	Output 04-05
Total houses completed (construction and acquisition)		
• rural, regional and remote	89	156
• major urban	17	42
Total	106	198
New Indigenous applicants for mainstream public housing	1,873	2,602
Total Indigenous applicants for mainstream public housing	3,075	3,399
Indigenous households in mainstream public housing (based on 2001 Census data adjusted for undercounting)	8,700	8,700
Indigenous households in mainstream community housing (based on 2001 Census data adjusted for undercounting)	588	588
Properties sold to AHO tenants	6	9
Promoting Aboriginal employment	Output 03-04	Output 04-05
Housing units constructed/upgraded with Aboriginal tradespeople and trainees	126	123
Aboriginal building companies contracted	11	12
Aboriginal people receiving training		
• number participating in accredited training		62
• number of Aboriginal trainers commencing Certificate IV in Workplace Training and Assessment		8
• Number of Aboriginal trainers completing a Certificate IV in Workplace Training and Assessment		8
Total		78
Percentage of Aboriginal staff employed with the AHO	75%	73%

Report on Key Performance Areas

1. Developing a viable Aboriginal housing sector

Building the capacity of Aboriginal housing organisations

Major achievements over the reporting period in strengthening the management capacity and viability of Aboriginal community housing providers included:

- completion of a comprehensive review of the AHO's regional planning cycle. Implementation of the recommendations has commenced
- continued assessment and implementation of mandatory key performance indicators for liquidity, insurance and rates for funding eligibility
- finalisation of 23 housing agreements with Aboriginal community housing providers under the Housing Aboriginal Communities Program (HACP). In accordance with the NSW Housing Aboriginal Communities Policy, the agreements included additional conditions designed to improve service delivery
- development of business plans, policies and procedures and the Management Improvement Program under the Community Organisational Development Program
- assistance to providers in developing their own policies and procedures through such means as the Housing Our Mob Everywhere (HOME) training package, funding for policy development, and distribution of sample policy tools.

Sustainability

The AHO embraced the Standing Committee for Indigenous Housing definition of sustainability (see below) and designated sustainability as the key driver of policy development and program focus. All AHO programs and reporting incorporate the financial, social and environmental dimensions of sustainability, including asset management and housing design. We have also:

- incorporated a requirement for Aboriginal employment in contracts for housing construction, repair and upgrading in order to provide for employment opportunities
- continued development of management models, leading to the improved financial efficiency of community housing providers
- increased the capacity of Aboriginal people
- to manage housing and tenancy issues effectively by promoting accredited training
- encouraged tenants to meet their housing responsibilities.



A four bedroom home at Glenmore Park purchased for Deerubbin LALC under the Housing Aboriginal Communities Program (HACP)

And, to preserve housing assets, the AHO has reduced the maintenance backlog for both AHO and community properties and attended to regular maintenance on AHO dwellings.

The Standing Committee for Indigenous Housing definition of sustainability

The Committee defines sustainability as recognising the co-dependence of housing and community. Community factors such as employment, health, skills and infrastructure all affect and are affected by the delivery of sustainable services to the Aboriginal community.

Essentially, sustainable housing outcomes are achieved through the provision of affordable, safe and culturally appropriate housing that is energy-efficient, well maintained and responsive to the needs and aspirations of Aboriginal people.

Sustainable community outcomes are about maximising opportunities for individuals and communities to enjoy autonomy, quality of life and self-fulfilment.

Partnerships

To support improved housing outcomes for Aboriginal people, the AHO has worked collaboratively with range of key agencies. Our priority has been focussed on improving existing agreements of understanding with NSW agencies the Department of Housing, Office of the Registrar of Aboriginal Corporations, Department of Aboriginal Affairs, Department of Education and Training, and Office of Fair Trading.

We continued to partner with Australian Government agencies delivering services to Indigenous people and are pursuing partnerships with local government organisations, Aboriginal Hostels and the NSW Aboriginal Land Council.

Combined agency effort at Dubbo

The AHO is part of an initiative by the NSW Premier's Department to address social housing issues at the west and east Dubbo housing estates through a combined government approach. The aim is to turn around both estates and support the community.

AHO regional staff have been working closely with their counterparts from the NSW Department of Housing and other agencies on short and long-term solutions. They attend meetings and provide support and direction as required. Achieving sustainable results for Dubbo will require the continuing support of many agencies.

Registration

During 2004-05, the AHO consulted extensively with the Board, Aboriginal community housing providers, the Regional Aboriginal Housing Committees and AHO staff in the review of the regional planning cycle. The Board subsequently approved a series of recommendations from the review relating to registration, including:

- a shift in the timeframe for registration to immediately after 30 June each, with providers supplying information that applies up to this date
- establishment of a three-month registration period – 1 July to 30 September each year – with no registrations outside this period
- notification to providers of the outcome of registration by mid November each year
- refinement of the online and paper registration systems to eliminate double entry of information and entry of information that has not changed from the previous year
- a proactive approach by the AHO to assisting providers through the registration process.

During the year, AHO staff have worked closely with Aboriginal housing providers to assist them to meet the requirements for registration as well as assisting them to improve their performance to meet the AHO's funding criteria.

We continued to develop the Sector Information System (SIS), through which providers are able to submit online registrations, and to provide system training. As the result, an increased number of providers registered and submitted expressions of interest for funding online.

Management standards

In 2004-05, seven Aboriginal community housing providers began trialling the draft standards for managing Aboriginal housing and the self-assessment process. To assist them, the AHO conducted a Preparing for Self-Assessment Workshop and developed manuals and other resources. The AHO's Service Improvement and Accreditation Team also led focus groups and assisted provider staff to collect data and complete the self-assessment workbooks.

The final standards are now being prepared, taking into account feedback on the self-assessment process and the results of the comprehensive three-day Trial Evaluation Workshop held in June 2005. The AHO will roll out the Standards for Managing Aboriginal Housing to all Aboriginal housing providers in the new financial year.

Management Models

Improved housing management services have resulted from the establishment of the South East Aboriginal Regional Management Service, based in Bateman's Bay; the Macleay Aboriginal Housing Management Co-operative, based in Kempsey; and the Mid Lachlan Aboriginal Housing Management Co-operative, based in Parkes/Condobolin.

The AHO has commissioned an independent review of the effectiveness of the Management Models. The findings of this review will assist the AHO to develop future approaches to housing sector reform.

Skills development

The AHO's Housing Our Mob Everywhere (HOME) training program is designed to improve the tenancy and property management skills of Aboriginal housing workers. HOME is now an accredited course known as the Certificate IV Social Housing HOME training program and leads to a TAFE qualification. The Kungala Training and Career Development Unit delivers the program in partnership with TAFE NSW and Swinburne University

Victoria under a memorandum of understanding with each institution.

During the reporting period, the AHO Kungala Training and Career Development Unit:

- delivered the Certificate IV Social Housing HOME training program to 8 AHO staff members and 38 students enrolled at three separate TAFE campuses; and,
- delivered the Certificate IV Social Housing HOME training program and the Certificate IV in Workplace Assessment and Training to 8 students.

Communication and community consultation

The AHO continued to provide opportunities for consultation and feedback during the 2004-05 reporting period. The Regional Aboriginal Housing Committees conducted community forums in conjunction with their meetings while the Board held open discussions with local Aboriginal communities.

During the year the Board held open forums with local communities in Glen Innes, Eden, Griffith, and Orange. These open forums were attended by well over 300 Aboriginal people who raised local housing issues with Board members.

2. Increased focus on asset management

Overview

Under the AHO Upgrading Program, work has now been completed on 93 per cent of the dwellings requiring upgrades. Finalisation of the program will represent a major milestone. Through the Repairs and Maintenance Community Assets Program, the AHO brought more properties to a standard where increased rents were justifiable, thereby contributing to the sustainability of the sector. The Asset Management Branch continued to provide advice and assistance to Aboriginal community housing providers at a local level.

Support for community organisations

As in previous years, the AHO placed considerable emphasis on improving the asset management capabilities of Aboriginal community housing providers.

Experienced AHO project officers continued to inspect houses managed by community organisations and assisted providers to develop strategies for maintenance and, where necessary, upgrading.

We were able to offer a new level of support by employing Aboriginal project managers and engaging appropriate building contractors and contract supervisors. The AHO sees the development of project management skills by community organisations as a priority and commenced discussions with other agencies regarding possible future training and employment opportunities in this area.

Repair and maintenance of community housing

Expenditure under the 2004-05 Repair and Maintenance Program was higher than the previous year, with \$18.27M spent on approximately 1,400 houses. The proportion of funds allocated to AHO-managed health and safety works also continued to increase.

The scale of the Repair and Maintenance Program and the inexperience of some housing providers necessitated the active involvement of AHO staff in contract letting and administration. Our involvement ensured the completion of maintenance essential to the longer-term viability of housing stock.

Upgrading AHO properties

During the year, we spent \$6.42M on upgrading 217 AHO-owned houses. Aboriginal builders worked on a third of the upgrade projects, gaining valuable training and experience.

The reduced expenditure in 2004-05 – down by over \$6M on 2003-04 – reflects the fact that the AHO Upgrade Program is nearing conclusion. As the program enters its final stages, the AHO expects to deal with some complex upgrading issues.

While the program should conclude in the new financial year, the AHO will still place considerable emphasis on ensuring that our properties continue to be maintained at an appropriate standard.

A four bedroom home at Dubbo

Illawarra group takes a new approach to housing management

Together with the NSW Department of Housing, the AHO Sydney regional office is leading the Illawarra Aboriginal Housing and Infrastructure Cluster Group, which is a part of a broader initiative to open lines of communication between government agencies and the local Aboriginal community.

The group has a number of aims: to coordinate housing providers in the region, to bring together both Aboriginal and non-Aboriginal community providers, and to support community providers housing Aboriginal people. It will build on existing stakeholders relationships to develop a more culturally appropriate approach to social housing management.

3. Increased access to safe, affordable, and culturally appropriate housing

Housing commitments and completions

A total of 106 units were completed under the Aboriginal Housing Program, 61 under AHO programs and 45 under the Housing Aboriginal Communities Program (HACP). The breakdown of both completions and commitments/commencements by region is shown in the table below. As commitments in one year are often completions in the following year, the two totals are not cumulative.



2004-05 Aboriginal Housing Program commitments/commencements and completions

REGION	Commitments/Commencements			Completions		
	AHO	HACP	Total	AHO	HACP	TOTAL
Binaal Billa	2	0	2	14	6	20
Kamilaroi	2	1	3	8	7	15
Many Rivers	5	7	12	4	14	18
Murdi Paaki	0	1	1	4	8	12
South Eastern	2	0	2	17	7	24
Sydney	0	10	10	14	3	17

Housing management

At 30 June 2005, NSW Aboriginal housing organisations owned/managed 4,383 dwellings and the AHO 4,148 dwellings.

Resource allocation

The allocation of Aboriginal Housing Program capital funding for 2004-05 was based on a 'weighted equal shares' methodology, which stresses the depth and severity of housing need rather than the absolute number of households with some level of need. The needs taken into consideration are:

- homelessness
- overcrowding
- affordability.

Application of the methodology saw the allocation of 50 per cent of available funding to regions for repairs and maintenance and the remaining 50 per cent on a needs basis.

Addressing high/complex needs target groups

The AHO recognises, encourages and supports a number of Aboriginal communities to develop culturally appropriate strategies for overcoming homelessness and was part of four diverse projects in 2004-05 as detailed below:

• Bomaderry

A partnership involving the AHO and Waminda Aboriginal Women's Health & Wellbeing, Nowra Women's Housing and Nowra Women's Refuge is managing two houses for medium term supported accommodation for Aboriginal women.

• Nowra

A local steering committee has developed a project to set up eight units for homeless youth in Nowra. The AHO is currently formalising a service agreement with the NSW Department of Community Services for provision of support and case management for the young people accommodated.

• Albury/Wodonga

Key government and community stakeholders, including the Aboriginal Hostels Ltd (Victoria), the AHO and the Premier's Department, are in the process of securing capital funding for the Aboriginal Crisis Accommodation Service and accessing the Supported Accommodation Assistance Program (SAAP).

• Sydney inner city

Last financial year, the AHO commissioned Paul Memmott & Associates to research Aboriginal homelessness in the inner city as part of the Partnership Against Homelessness initiative. To support the project, we established an advisory committee with members from the Aboriginal community, SAAP providers, and

relevant government agencies. The committee in turn received specific culturally appropriate advice and direction from an Aboriginal reference group.

The AHO has received the report on the project and, in partnership with the reference group and the Partnership Against Homeless, will work towards implementation of the research recommendations.

Service Agreement with the Department of Housing

Early in 2004-05, the AHO reviewed and renegotiated the Service Agreement with the NSW Department of Housing for a two-year period. The agreement again incorporates a partnership charter, which outlines expectations on the quality of service to be provided to Aboriginal people.

We have been working closely with the Department to refine a monthly reporting mechanism that enables the AHO to monitor performance and service provision. Monitoring includes analysis of the calls made to both the AHO's Aboriginal Housing Information Service and the Department's Aboriginal inquiry line.

AHO capital works

In late 2004, a review of the *Standards for Building and Buying Aboriginal Housing in NSW* was completed in consultation with the Aboriginal community and other key stakeholders. The standards, developed around the principles of the National Framework for the Design, Construction and Maintenance of Indigenous Housing, have encouraged project managers to design and deliver innovative and high quality housing through consultation with Aboriginal community housing providers and have assisted them in the housing procurement process.

Resitech is contracted to deliver the AHO Capital Works Program.

Mainstream housing policy

The AHO and the Board have a pivotal role in setting mainstream housing policy affecting Aboriginal people. During 2004-05, the Board advised the Minister for Housing on a range of housing issues and the AHO discussed policy matters affecting Aboriginal people with the NSW Department of Housing.

The AHO was also involved in the Department's project to identify, review and assess its client service housing management policies to ensure that these are culturally appropriate for Aboriginal people and to identify policy gaps and any discrepancies between departmental and AHO policies. The review stems from the whole-of-government plan, *Two Ways Together*, which aims to address Aboriginal disadvantage in NSW.

Access to mainstream programs

The AHO staff and Board maintained and strengthened relationships with agencies operating in the mainstream housing sector. Information on available funding and programs was distributed through Board and RAHC meetings and regional forums.

Muurruun Gunya Program (Life Tenure Strategy)

Muurruun is a Wiradjuri term meaning 'life' while Gunya is a Dharuk and Eora word meaning 'house'. Muurruun Gunya is an alternative tenure option specifically designed for Aboriginal people that lies between home ownership and public rental housing programs. The AHO has developed a draft strategy for the pilot phase of the program but further work is still required.

Home ownership

Last financial year, the AHO and ATSIC initiated the Joint Home Purchase Scheme to enhance the commission's existing Home Ownership Program (HOP) in NSW. The scheme pooled and matched funding in a partnership approach. To date, more than 240 eligible Aboriginal tenants of AHO properties have been invited to submit an expression of interest to purchase their home under the scheme. Nine home loans were approved were approved in 2004-05.

Aboriginal Housing Information Service

The AHO established this service to meet the growing demand for housing information — a demand that other services are unable to satisfy as indicated by the low take-up rate by Aboriginal people of several major housing programs. The service does not have a tenant advocacy role but instead advises Aboriginal people about their housing options and rights.

Two full-time project officers and two administrative officers working on rotation in the AHO's Parramatta office staff the service. As well as answering queries, they develop communication strategies and referral protocols with other agencies. During 2004-05, the service answered over 700 queries.

4. Promoting employment opportunities for Aboriginal people

Since its inception, the AHO has aimed to ensure that Aboriginal people have access not only to work opportunities in housing construction and maintenance, but also to tailored education programs that will equip them for a career in the construction industry.

During 2004-05, the AHO held the second Aboriginal builders' conference which attracted 70 delegates. Sessions were run on such topics as people management, money management and marketing, with a focus on looking outside the public sector for work opportunities to diversify business operations. Presenters included speakers from the private sector.

As shown in the following table, the AHO continued to offer building contracts to Aboriginal builders. In addition, the AHO advocated the employment of Aboriginal builders and trades people by other agencies in accordance with government guidelines and gave advice on how the guidelines could be met.

Involvement of Aboriginal builders and businesses in program delivery			
Region	Dwelling construction	Dwelling acquisition upgrading	AHO Upgrading Program
Binaal Billa	2	2	8
Kamilaroi	2	1	33
Many Rivers	-	-	19
Murdi Paaki	9	1	17
South Eastern	-	-	-
Sydney	-	-	29
Total	13	4	106

Mainstream contractors employed Aboriginal staff and subcontractors to undertake work to a further 34 properties, on top of those listed above.

Under the Repairs and Maintenance Community Assets Program, five Aboriginal builders employed 22 Aboriginal trades people and other workers, while mainstream building contractors engaged a further 22 Aboriginal workers.

Builders' directory

The directory, launched in 2002 on our website at www.aho.nsw.gov.au, offers a region-by-region contact listing of licensed Aboriginal builders and trades people. The listings are free. Once registered with the directory, builders can change their details online.

5. Maintaining and building the capacity of the AHO

Improving organisational performance

The AHO continued to build its capacity to meet obligations and improve business performance. Previous Annual Reports have detailed plans to improve service delivery by adopting a new service model – a process substantially completed during 2004-05. This new service model was developed on the principle that the AHO's regional offices and staff are best placed to build relationships with local community housing providers and engage them in the planning and delivery of all Aboriginal housing programs. The role of central office is to offer expertise in training, policy development, research and asset management as well as to provide the necessary support services.

Human resources development

During the reporting period, the AHO reviewed its human resources function to achieve an optimum alignment with the corporate goals. As a result, the Kungala Training and Career Development Unit take on a new direction. The Unit will support the regional offices in improving the capacity of Aboriginal community housing providers to manage their properties plus be responsible for organisational development.

Risk management and internal audit

Using the findings of a detailed risk assessment completed in 2003-04, the AHO introduced an internal audit program to examine those operational areas where management controls were either being developed or were not yet well tested. The Internal Audit Bureau was contracted to review the AHO's:

- policies and procedures
- Sector Information System
- asset management
- rental operation and property management (Phase 2 – DoH Internal Control).

The results of these reviews are currently being examined.

The AHO self-insures its properties against fire and bears the cost of all fire damage. An analysis of insurance premiums shows a positive cost to benefit ratio. Major catastrophe insurance is covered through a shared policy with the NSW Department of Housing.

The AHO contributes to the Treasury Managed Fund for workers' compensation, motor vehicle accidents, property loss, public liability and various other insurance risks.

Financial management

The AHO met all program expenditure targets in 2004-05 and, at the same, time, kept within the administration budget. This result was achieved with the continuing assistance of the internal Program Management Group which met regularly throughout the year to review program progress and take corrective action where necessary.

A significant impact on the AHO's operational budget was the agreement between the NSW Government and the public sector unions for a 17% pay increase for all staff over the next 3 & 1/2 years. Unfortunately, for the AHO as an "outer budget" agency these increases are unfunded and therefore will need to meet these additional costs from other sources, such as reduced operations or increased revenue. This salary increase increased the AHO's costs by approx \$232,000 for 2004/05, and in 2005/06 the increase will be in the order of \$474,000.

Review of the NSW Aboriginal Housing Act 1998

The AHO conducted the review of the Act on behalf of the Minister for Housing. Consultation was extensive, with stakeholders able to make both written and oral submissions. At the same time, the Bilateral Housing Agreement¹ was also under review. Since many of the issues covered by the two reviews overlapped, the consultations were run simultaneously.

The review found that the model for planning, delivery and evaluation of Aboriginal housing programs in NSW is sound. It is expected that the report of the review will be tabled in State Parliament in the latter half of 2005.

Information management and technology

Significant actions under the AHO's updated information management and technology plan included:

- approval of plans to establish an updated Wide Area Network that effectively links regional offices with the head office server
- purchase of video conferencing equipment to fully utilise the new communication lines and reduce travel costs for staff meetings and attendant disruption
- further development and testing of the online registration system.

Office facilities

Following preparation of a rigorous business case, the AHO relocated its head office in October 2004 to Level 6, 33 Argyle Street Parramatta.

We also reviewed our regional offices facilities. The Coffs Harbour and Dubbo subsequently relocated to more suitable premises while negotiations commenced for the relocation of the Nowra and Tamworth office to better accommodation.

¹ *Agreement on the Provision and Management of Housing and Housing Related Infrastructure for Aboriginal and Torres Strait Islanders 2001 – 2004* (the Bilateral Agreement). This agreement between the Australian Government, NSW Government and the Aboriginal and Torres Strait Islander Commission sets out the administrative arrangements for the funding of Indigenous housing in NSW.

Appendices

Service standards

The AHO has a service agreement with the NSW Department of Housing for the provision of tenancy and property management services for housing owned by the AHO, and an agreement with the Central Corporate Services Unit (Department of Commerce) for the provision of information technology, human resources, finance and office services. The AHO regularly monitors the service and performance standards set by the two agreements.

Code of Conduct

The full AHO Code of Conduct was published in the annual report for 2001–02. No significant alternations were made to the code in the reporting period.

A code of conduct for members of the NSW Aboriginal Housing Board appears in the Board's *Protocol and Procedures*.

During the latter half of 2004–05, the AHO reviewed its conflict of interest policy to ensure that the policy continued to provide appropriate guidelines to all staff, Board members and members of Regional Aboriginal Housing Committees. The policy will be covered in the induction program for all new staff as well as in programs for the new Board and Regional Aboriginal Housing Committee members appointed from 1 July 2005. All existing staff will receive refresher training.

Customer guarantee

The AHO keeps in touch with customer needs through numerous workshops and meetings, including regional housing summits and Board and RAHC open forums, as well as through AHO representation on significant external committees.

Consumer response

AHO staff manage complaints, advising the Chief Executive of the complaint and the outcome. Formal complaint handling and appeals mechanisms for the Aboriginal community housing sector are outlined in the *HACP Policy Statement and Minimum Criteria*.

Complaints by AHO tenants are generally handled by the NSW Department of Housing in accord with the service agreement between the AHO and the Department. Under this agreement, AHO tenants and applicants for AHO housing have access to the Department's formal complaints and appeals mechanisms, including the Client Feedback Line and the Housing Appeals Committee.

As in previous years, complaints this year mostly concerned tenancy and property management matters and housing



A three bedroom home at Emu Plains purchased by the AHO

applications. The AHO continued to work with the Department to ensure that complaints were handled in a sensitive, professional and expeditious manner.

Freedom of Information

The AHO received no FOI requests in the reporting year.

Privacy Management Plan

The AHO did not receive any complaints under Part 53 of the *Privacy and Personal Information Protection Act 1998*.

Publicity and promotion

The following publications were available from the AHO in 2004-05 and published on the website at www.aho.nsw.gov.au:

- 2004-05 Business Plan
- Annual Report 2003-04
- *Housing Hints*
- Strategic Plan Supplement 2004-05.

Committees

The AHO was represented on the following key external committees:

Chief Executive Officers Group on Aboriginal Affairs	Russell Taylor
Community Housing Advisory Board	Ann Weldon
Homelessness Action Team	Russell Taylor
Housing Advisory Group	Ann Weldon
Housing Ministers Advisory Council	Russell Taylor
NSW Department of Housing – Executive Board	Russell Taylor
Residential Tenancy Tribunal Social Housing Committee	Ann Weldon
Standing Committee on Indigenous Housing	Russell Taylor
Supported Accommodation Advisory Committee	Ann Weldon

Economic factors

The operations of the AHO were largely unaffected by external economic factors. As the AHO is involved in the provision of social housing, rather than property development or speculation, the active property market had a minimal impact on service provision.

Price determination

The AHO was not subject to a determination or recommendation of the Independent Pricing and Regulatory Tribunal.

Credit card certification

In accordance with Treasurer's Direction 205.01, it is certified that credit card usage by officers of the AHO was in accordance with appropriate government policy, Premier's Memoranda and Treasurer's Directions.

Land/Property Disposal

In 2004/05 the AHO disposed of 12 properties which were no longer considered suitable for its portfolio or were in accordance with its sale to tenants policy. Properties surplus to requirements were sold by public auction. The total value of these properties was \$1.88m.

Payment of accounts

The AHO uses the Central Corporate Services Unit account payment services. In 2004-05, all accounts were paid within the time stipulated by suppliers.

Four bedroom home at Dubbo



Aged analysis at the end of each quarter

Quarter	Current (i.e. within due date)	Less than 30 days overdue	Between 30 days and 60 days overdue	Between 60 days and 90 days overdue	More than 90 days overdue
	\$	\$	\$	\$	\$
September Quarter	1,674	0	0	0	0
December Quarter	139	0	0	0	0
March Quarter	3,500	0	0	0	0
June Quarter	137,192	0	0	0	0

Accounts paid on time within each quarter

Quarter	Total Accounts Paid on Time			Total Amount Paid (\$)
	Target %	Actual %	\$	
September Quarter	88	95	15,914,967	16,013,584
December Quarter	88	92	12,010,616	12,114,216
March Quarter	88	92	16,017,286	16,102,271
June Quarter	88	90	34,391,560	34,556,800

There were no instances where penalty interest was paid in accordance with section 18 of the Public Finance and Audit (General) Regulation 1995.

There were no significant events that affected payment performance during the reporting period.

Consultants

Consultancy projects costing over \$30,000

Gongan Consulting	\$36,000	Mediation services and advice relating to resolution of community conflict at Old Burnt Bridge, via Kempsey. The conflict had caused a number of houses to be put at risk
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Consultancy projects costing less than \$30,000

Human Resources	\$25,027	<ul style="list-style-type: none"> Organisational Development Communications Strategy Development of a Performance Management Framework
Management Services	\$54,000	<ul style="list-style-type: none"> Advice of various AHO projects and initiatives Review of the Management Models established in several locations and provide advice about improvement.
Legal Services	\$23,063	<ul style="list-style-type: none"> Legal advice for various matters

Waste Reduction and Energy Management

The AHO continued with its efforts to reduce waste by ensuring reducing of paper as well as used toner cartridges. The AHO also actively purchases paper products with recycled content.

In reducing the generation of waste the AHO has moved to used electronic requisition and ordering as well introducing on-line registration systems for Aboriginal community housing providers.

The AHO continues to make every effort to reduce energy consumption by acquiring more fuel efficient motor vehicles where possible. As well all our offices are attempting to reduce the use of electricity where possible, including the use of energy efficient equipment, etc.

Equal Employment Opportunity

We are committed to the principles of EEO and incorporate the principles in our formal induction program, performance development framework and grievance handling procedures. While most of our staff are Aboriginal, the AHO employs staff from a variety of backgrounds. Our aim is to give all staff opportunities to develop skills that will assist them to further their careers.

EEO achievements in 2004-05 were:

- the filling of 75 per cent of permanent and temporary AHO positions by Aboriginal staff
- the filling of 56 per cent of permanent and temporary AHO positions by women compared with 54 per cent in the previous year.

Staff distribution by remuneration level

LEVEL	TOTAL STAFF	Men	Women	Aboriginal people & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
< \$30,146	1	1	0	1	0	0	0	0
\$30,146 - \$39,593	0	0	0	0	0	0	0	0
\$39,594 - \$44,264	3	0	3	3	0	0	0	0
\$44,265 - 56,012	15	2	13	11	1	1	0	0
\$56,013- \$72,434	29	15	14	23	3	3	2	1
\$72,435 - \$90,543	11	6	5	8	2	2	0	0
> \$90,543 (non-SES)	3	2	1	1	0	0	0	0
> \$90,543 (SES)	2	2	0	2	0	0	0	0
TOTAL	64	28	36	48	6	6	2	1

Staff distribution by employment basis

LEVEL	TOTAL STAFF		Men	Women	Aboriginal people & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
Permanent	Full-Time	47	18	29	39	6	6	2	1
	Part-Time	0	0	0	0	0	0	0	0
Temporary	Full-Time	9	5	4	7	0	0	0	0
	Part-Time	2	0	2	0	0	0	0	0
Contract	SES	2	2	0	0	0	0	0	0
	Non SES	2	2	0	0	0	0	0	0
Training Position		1	1	0	1	0	0	0	0
Casuals		1	0	1	1	0	0	0	0
TOTAL		64	28	36	48	6	6	2	1

Trends in representation of EEO groups (% of total staff)

EEO Group	Target	2001	2002	2003	2004
Women	50	55	54	55	56
Aboriginal people & Torres Strait Islanders	2	35	51	54	75
People whose first language was not English	19	13	24	22	19
People with a disability	12	9	19	18	3
People with a disability requiring work-related adjustment	7	3	19	3	2

Controlled entities

Nil

Research and development

While the AHO did not conduct any specific research and development, we contributed to research on the provision of social housing services, particularly research relating to unmet Indigenous housing need and inner city homelessness.

Performance Statement of the Chief Executive

Name: Russell Taylor

Position: Chief Executive, SES Level 4

Period in Position: 1 July 2004 to 30 June 2005

Results: Following his appointment, the Chief Executive signed a performance agreement with the Minister. The agreement allows for yearly reviews of the Chief Executive's performance. A new agreement is currently being negotiated.

The key result areas in the performance agreement include:

- leadership and management
- provision of advice
- sound resource management
- AHO rental portfolio management
- delivery of the 2004-05 Aboriginal Housing Program
- management of relationships with the Board, Minister, other agencies, the Aboriginal community housing sector, and the Aboriginal community.

Disability Strategic Plan

All AHO offices are located in buildings with good physical access for people with disabilities. Access issues are considered when venues are selected for consultation and training purposes.

The AHO has a Disability Strategic Plan, which was prepared in consultation with the former NSW Ageing and Disability Department.

Occupational health and safety

In 2004-05, we held elections for membership of the AHO's OH&S committee, which will review AHO measures to ensure the health, safety and welfare of staff. All members of the committee have been trained in OH&S procedures.

The AHO also provided an employee assistance program, which included a free counselling service for staff and their families.

Overseas visits

No AHO officer travelled overseas for official purposes during 2004-05.



A family home at Emu Plains

Aboriginal Housing Office Financial Report 04/05

Aboriginal Housing Office Financial Report for the year ended 30 June 2005



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Aboriginal Housing Office

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Aboriginal Housing Office:

- (a) presents fairly the Office's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

My opinion should be read in conjunction with the rest of this report.

The Board's Role

The financial report is the responsibility of the members of the Board of the Aboriginal Housing Office. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Board in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Board members had not fulfilled their reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Office,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

John Viljoen, CPA
Director, Financial Audit Services

SYDNEY
20 October 2004

Aboriginal Housing Office Statement by Board Members

Pursuant to Section 41C of the Public Finance and Audit Act 1983, we declare that in our opinion:

(a) the Financial Statements exhibit a true and fair view of the financial position of the Aboriginal Housing Office as at 30 June 2005 and for the transactions for the year then ended;

(b) the accompanying financial statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000 and the Treasurer's Directions;

(c) there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

A. Weldon
Chairperson

S. Blunden
Member

18 Oct 2005

ABORIGINAL HOUSING OFFICE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

		2005	2004
	Notes	\$'000	\$'000
Revenue			
Grants	3	78,280	69,365
Rental income	4	19,336	18,287
Interest		1,571	1,380
Sundry income		5,705	4,238
Total revenue from ordinary activities		104,892	93,270
Expenses			
Employee related expenses	6	5,422	5,253
Other operating expenses	7	2,036	2,031
		7,458	7,284
Property expenses - rental program	4	16,649	17,066
Housing program - other expenses	8	60,037	51,738
Depreciation & amortisation	9	5,272	5,136
Loss on disposal / transfer / demolition of non-current assets	5	824	737
Total expenditure from ordinary activities		90,240	81,961
OPERATING SURPLUS	14	14,652	11,309
Non-Owner transaction changes in equity			
Net increase / (decrease) in asset revaluation reserve	14	(3,169)	131,638
TOTAL REVENUES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		(3,169)	131,638
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	14	11,483	142,947

(The accompanying notes form part of these statements)

ABORIGINAL HOUSING OFFICE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

		2005	2004
	Notes	\$'000	\$'000
ASSETS			
Current Assets			
Cash	15	32,421	27,400
Receivables	10	5,383	6,792
Total Current Assets		37,804	34,192
Non-Current Assets			
Receivables	10	650	314
Property plant and equipment	11	836,503	825,508
Lease Incentive		77	-
Total Non-Current Assets		837,230	825,822
Total Assets		875,034	860,014
Current Liabilities			
Payables	12	19,795	16,552
Provisions	13	1,106	1,190
Total Current Liabilities		20,901	17,742
Non-Current Liabilities			
Provisions	13	712	411
Lease incentive		77	-
Total Non-Current Liabilities		789	411
Total Liabilities		21,690	18,153
Net Assets		853,344	841,861
EQUITY			
Accumulated funds	14	477,778	463,126
Asset revaluation reserve	14	375,566	378,735
Total Equity		853,344	841,861

(The accompanying notes form part of these statements)

ABORIGINAL HOUSING OFFICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

		2005	2004
	Notes	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee and other expenses		(9,302)	(7,972)
Property expenses		(16,649)	(16,770)
Housing program		(54,259)	(55,881)
Total Payments		(80,210)	(80,623)
Receipts			
Rent		18,737	17,849
Interest		1,571	1,414
Sundry income		20	85
Total Receipts		20,328	19,348
Cash Flows From Government			
Government grants		81,096	63,558
Net Cash Flows From Government		81,096	63,558
NET CASH FLOWS FROM OPERATING ACTIVITIES	15(b)	21,214	2,283
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(18,049)	(17,091)
Proceeds from Sale of Property, Plant and Equipment		1,856	1,215
NET CASH FLOWS FROM INVESTING ACTIVITIES		(16,193)	(15,876)
NET INCREASE (DECREASE) IN CASH		5,021	(13,593)
Opening cash balance		27,400	40,993
CLOSING CASH AND CASH EQUIVALENTS	15(a)	32,421	27,400

(The accompanying notes form part of these statements)

ABORIGINAL HOUSING OFFICE NOTES ACCOMPANYING AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

1. STATEMENT OF PRINCIPAL ACTIVITY

The Aboriginal Housing Office (AHO) is a statutory authority established in 1998 pursuant to the Aboriginal Housing Act 1998. The AHO plans and administers the policies, programs and asset base for Aboriginal housing in New South Wales. This includes resource allocation, sector-wide policy, strategic planning and monitoring outcomes and performance in the Aboriginal housing sector.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Financial Statements are a general purpose financial report which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- Urgent Issues Group (UIG) Consensus Views;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- the requirements of the Public Finance and Audit Act 1983 and Regulations; and
- the Financial Reporting Directions issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

Except for long service leave expense that is recorded at present value and certain land and buildings, that are recorded at valuation (refer note 2(f)), the financial statements are prepared in accordance with the historical cost convention.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.

(b) Outsourced core services

Financial, Human Resources, Information Technology and other corporate services were provided by the Central Corporate Services Unit of Department of Commerce (Refer Note 7). Property and Tenancy Management activities are provided by the Department of Housing (DOH) (Refer Note 4). Project management of the Housing Program for purchasing and construction activities are provided by Residential Technologies Australia (Resitech), a division of DOH (Refer Note 8).

(c) Employee Benefits and other provisions

- (i) Salaries and Wages, Annual Leave, Sick Leave and On-Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and vesting sick leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

The outstanding amounts of payroll tax, workers' compensation insurance premiums, and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

Long service leave is measured on a present value basis. The liabilities that are expected to be settled more than twelve months after the reporting date are measured as the present value of the estimated future cash outflows to be made by employers in respect of services provided by employees up to the reporting date. The present value method is based on the remuneration rates that the AHO expects to pay at each reporting date for all employees with five or more years of service. This means that where it is expected that employees will receive a pay rise after reporting date, the increased pay rate is used in determining the employee benefit liabilities.

The AHO contributes to the New South Wales Non Budget Long Service Leave Pool Account held by Treasury. The Treasury 'pool' account administers the Long Service Leave provision for agencies and commercial activities whose liabilities were previously assumed by the Crown due to their being part of the Budget Sector. Contributions made to Treasury are included in salaries and wages.

The AHO also contributes to a Superannuation Fund administrator. Refer Note 13 for further information.

(iii) Other Provisions

Other provisions exist when the entity has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

(d) Insurance

The AHO carries a comprehensive range of insurance through the Treasury Managed Fund covering property leased for offices, motor vehicles, public liability, Director's liability and other contingencies. In respect of insurance coverage for housing property assets the AHO provides self insurance for property liability. The AHO also has in conjunction with the Department of Housing, insurance coverage for major catastrophes.

(e) Plant and Equipment

Items of Plant and Equipment costing \$5,000 and above are capitalised on a cost basis. Computer hardware and other attractive assets costing at least \$1,000 are also capitalised. Grouped assets with inter-related functions such as the computer network are capitalised regardless of cost.

The cost method of accounting is used for all acquisitions of Plant and Equipment regardless of whether assets are acquired separately or part of an interest in another entity. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition.

(f) Value of Non-Current Assets - Housing For Aboriginals

Residential properties are subject to cyclical revaluations, in accordance with Australian Accounting Standard AASB 1041 and Treasury requirements.

To ensure that the AHO's land and buildings remain at fair value as at 30 June 2005, carrying values were indexed using data provided by Resitech. The data was sourced from New South Wales government quarterly property sales reports for September 2003 through to December 2004 and projected to March 2005, as actual March 2005 sales reports were not available at the time of the revaluation. This resulted in an index based on sales trends over an 18 month period. The application of this index provided a decrement to the fair value of land and buildings of \$3.169 million (Note 14).

Works in progress are valued at fair value, which includes all direct acquisition / construction costs and related fees. Fees charged by Resitech for project management of the housing program for acquisition and construction activities are capitalised.

The majority of upgrading costs relate to repairs and maintenance expenditure. The AHO Board considers that the nature of these costs do not enhance the service potential of the assets. The Board's policy is not to capitalise these costs but to treat them as recurrent expenses.

(g) Depreciation & Amortisation

Depreciation is provided for on a straight line basis against all depreciable assets so as to write off the depreciable amount of each depreciable asset as it is consumed over its useful life in accordance with Australian Accounting Standard 4 (AAS4) - "Depreciation".

Depreciation and Amortisation	Years
Buildings	50
Furniture and equipment	7
Computer equipment	4

Leasehold Improvements - amortised over the period of lease or its useful life whichever is shorter. The current leasehold agreement for the AHO expires on 31 January 2010. The leasehold agreement provides a four month rent free period that will be fully amortised over the period of the lease.

(h) Provision for doubtful debts

Provision is made for doubtful debts based on 90% of former tenants' rental and maintenance account balances as at 30 June where recovery is uncertain.

(i) Transfer of assets from other agencies

The assets transferred from other agencies are shown at fair value at the date of acquisition in accordance with AAS 29 (7.3).

(j) Maintenance and Repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

(k) Leased Assets

A distinction is made between finance leases that effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

The assets leased by the AHO are motor vehicles and accommodation under operating lease agreements. The operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

(l) Leasehold improvements

The cost of improvements to or on property is capitalised and disclosed as leasehold improvements, and amortised over the estimated useful lives of the improvements or the unexpired period of the lease whichever is shorter.

(m) Revenue Recognition

Revenue is recognised when the Office has received or has the right to receive inflows of economic benefits that can be reliably measured and the right to receive them is probable. Government grants are recognised as revenue when the Office gains control over the grants. Control is normally obtained when cash is received.

Revenue arising from the sale of goods and disposal of other assets is recognised when the AHO has passed control of the goods or other assets to the buyer and consideration is expected by the AHO, whether or not cash has been received.

Revenue from the rendering of services is recognised as and when services have been rendered and there is a valid claim against external parties, whether or not cash has been received.

Interest is recognised for the total period of the investment whether or not cash has been received.

Revenue is recognised when the property received from another government agency or from the community at below market value, is revalued and recognised by the AHO at its fair market value.

(n) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- the amount of GST incurred by the AHO as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense. The AHO has a mixture of input taxed (rental operations) and taxable supplies (e.g. grants, training activities of a Government agency).
- Where a transaction relates directly to input taxed activities the GST included in that acquisition is recognised as part of the cost of that item or asset. Where a transaction relates to a taxable supply the amounts are net of GST. Operating overheads are apportioned 50 / 50 across the activities based on the agreed Commonwealth State Housing Agreement compensation arrangements.
- receivables and payables are stated with the amount of GST included.
- Cash flows are recognised on a gross basis in the Statement of Cash Flows. The GST receivable from or payable to the ATO relating to cash flows from investing and financing activities are classified as operating cash flows.

(o) Payables

These amounts represent liabilities for goods and services provided to the AHO and other amounts, including interest. Interest is accrued over the period it becomes due.

(p) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank.

(q) Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less (where necessary) a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(r) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Office. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained.

3. GRANTS

	2005 \$,000	2004 \$,000
Commonwealth / State Housing Agreement (CSHA)	42,892	39,765
Aboriginal Community Development Program (ACDP)	17,038	11,590
Other Government Sector Grants	100	20
Department of Family & Community Services (DFACS)	18,250	17,990
Total	78,280	69,365

AHO received grant funding under the Commonwealth State Housing Agreement (CSHA).

Funding received from DFACS was for the NSW Regional Housing component of the Community Housing Infrastructure Program. This funding was formerly provided by ATSIC.

ACDP Funds are passed through the Aboriginal Housing Office to afford the protection of the Aboriginal Housing Act to properties.

4. RENTAL INCOME

Rents are derived from properties vested in the AHO.

Rental Income	2005 \$,000	2004 \$,000
Market Rental	34,685	33,919
Less: - Rental Rebates	(14,815)	(15,036)
Vacancies	(683)	(713)
	19,187	18,170
Sundry Income	149	117
	19,336	18,287
Less: Property Expenses		
Rates (council, water)	(5,850)	(5,936)
Repairs, insurance etc.	(7,518)	(7,726)
Department of Housing management fee	(2,777)	(2,714)
Bad debts and other expenses	(504)	(690)
	(16,649)	(17,066)
Surplus of Rental Income over Property Expenses	2,687	1,221

5. DISPOSAL OF PROPERTY

	2005 \$,000	2004 \$,000
Proceeds from Sale	1,856	1,215
Written Down Value of Assets sold	(1,981)	(1,040)
Gain / (Loss) on Disposal of Property	(125)	175
Demolitions	(103)	(385)
Transfers to Other Agencies	(596)	(527)
Loss on Disposal /Transfers / Demolition of Property	(824)	(737)

6. EMPLOYEE RELATED EXPENSES

	Housing Programs \$,000	Other \$,000	2005 \$,000	2004 \$,000
Salaries and wages (including recreation leave)	1,332	3,123	4,455	4,510
Job Assistance Scheme	-	2	2	8
Superannuation	107	315	422	357
Long service leave	68	166	234	118
Workers' compensation insurance	-	28	28	23
Payroll and fringe benefits tax	73	208	281	237
Total	1,580	3,842	5,422	5,253

Salaries and wages (including non-monetary benefits), recreation leave and sick leave (regardless of when they are expected to be settled) are measured on a nominal basis in accordance with AASB 1028 (see also Note 2c and Notes 12 & 13). Total salaries include \$1,580,000 (\$1,551,000 for 2003/04) that relates to Housing Programs as detailed in Note 8.

The AHO assumes the responsibility of providing for long service leave, superannuation, workers compensation insurance and payroll and fringe benefits taxes. Refer Note 13 for superannuation details.

7. OTHER OPERATING EXPENSES

	2005 \$,000	2004 \$,000
General Administration	1,174	1,184
Board Expenses	64	43
Board Members Fees	153	129
Administrative Fees (includes CCSU Fees)	351	314
Operating Lease Rental	200	263
Consultancy Fees	30	31
Audit Fees	40	40
Insurance	24	27
Total	2,036	2,031

8. ABORIGINAL HOUSING PROGRAM

The Aboriginal Housing Program (AHP) provides funds towards the acquisition, repair and upgrade of Aboriginal housing and the support of the Aboriginal housing sector.

The Housing Aboriginal Communities Program (HACP) provides rental accommodation and housing related assistance for Aboriginal people in properties managed by Aboriginal community based housing organisations.

The AHO Acquisition Program provides rental housing for Aboriginal people in dwellings owned by the AHO (Note 4). In addition to the properties transferred to the AHO by the Department of Housing (DOH) in January 1999, the AHO also acquires other properties under this program. These properties form part of the AHO's property portfolio (Note 11).

Project management of the Aboriginal Housing Program for purchasing and construction activities is provided by Resitech, a division of DOH.

	2005 Employee Related	2005 Other Expenses	2005 Total \$,000	2004 Employee Related	2004 Other Expenses	2004 Total \$,000
Sector Support & Resourcing	948	733	1,681	878	627	1,505
AHO Upgrading	73	7,864	7,937	134	13,488	13,622
AHO - Asset Management	-	497	497	-	257	257
Housing for Health	-	-	-	-	76	76
Tenant Participation (TCIP)	182	44	226	131	14	145
Aboriginal Community Development Program (ACDP)	-	17,041	17,041	-	11,590	11,590
Home Ownership	-	47	47	-	1,006	1,006
Community Asset Acquisition of Housing (HACP)	-	12,300	12,300	-	10,732	10,732
Community Repairs & Maintenance	137	18,134	18,271	113	11,801	11,914
Infrastructure	-	1	1	-	110	110
Resourcing Community Organization	240	3,376	3,616	295	2,037	2,332
Total	1,580	60,037	61,617	1,551	51,738	53,289

Refer Note 6 for details of employee related expenses.

9. DEPRECIATION & AMORTISATION

	2005 \$,000	2004 \$,000
Depreciation		
Buildings	4,948	4,927
Computer Equipment	86	131
Plant and Equipment	50	26
Furniture and Fittings	17	17
Ammortisation:		
Intangibles	100	-
Leasehold Improvements	71	35
Total	5,272	5,136

10. RECEIVABLES

	2005 \$,000	2004 \$,000
Current		
Sundry Debtors	128	5,186
Department of Housing	3,150	261
Employee Advances	10	45
Long Service Leave	75	14
Rental Debtors	2,598	2,454
Goods and Services Tax (Net)	1,613	775
Prepayments	-	15
	7,574	8,750
Less: Provision for Doubtful Debts	(2,191)	(1,958)
Total Current Receivables	5,383	6,792
Non Current		
Long Service leave provisions paid to treasury	650	314
Total Non Current Receivables	650	314
Total	6,033	7,106

Provision for Doubtful Debts

	2005 \$,000	2004 \$,000
Opening Provision	(1,958)	(1,518)
Plus: New Provision	(484)	(657)
Less: Bad Debts written off	251	217
Provision as at 30 June	(2,191)	(1,958)

The provision has been made on the basis of 90% of vacated tenants account balances.

11. PROPERTY PLANT AND EQUIPMENT

	2005 \$,000	2004 \$,000
Land and Buildings		
At Fair Value	824,255	811,833
	824,255	811,833
Plant & Equipment		
At Fair Value	2,616	1,636
Less: Accumulated Depreciation	(658)	(577)
	1,958	1,059
Capital Work in Progress	10,290	12,616
TOTAL PROPERTY, PLANT & EQUIPMENT AT NET BOOK VALUE	836,503	825,508

Reconciliations

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

	Land and Buildings \$,000	Capital Work in Progress \$,000	Plant and Equipment \$,000	Total \$,000
2005				
Carrying amount at 1 July	811,833	12,616	1,059	825,508
Additions	-	15,380	1,365	16,745
Disposals (Note 5)	(1,839)	-	(142)	(1,981)
Depreciation expense (Note 9)	(4,948)	-	(324)	(5,272)
Other movements				
Transfers to Department of Housing (Note 5)	(596)	-	-	(596)
Transfers from Department of Housing	4,960	-	-	4,960
Transfers from Communities	632	-	-	632
Transfers from Work In Progress	15,837	(15,837)	-	-
Prior year adjustments to WIP	1,648	(1,648)	-	-
Demolition (Note 5)	(103)	-	-	(103)
Revaluation (Note 14)	(3,169)	-	-	(3,169)
Amount expensed from WIP	-	(221)	-	(221)
Carrying amount at end of year	824,255	10,290	1,958	836,503
2004				
Carrying amount at 1 July	667,816	9,106	853	677,775
Additions	-	18,529	425	18,954
Disposals	(1,030)	-	(10)	(1,040)
Depreciation expense	(4,927)	-	(209)	(5,136)
Other movements				
Transfers to Department of Housing	(527)	-	-	(527)
Transfers from Department of Housing	2,478	-	-	2,478
Transfers from Communities	1,751	-	-	1,751
Transfers from Work In Progress	15,019	(15,019)	-	-
Demolition	(385)	-	-	(385)
Revaluation of properties	131,638	-	-	131,638
Carrying amount at end of the year	811,833	12,616	1,059	825,508

12. CURRENT LIABILITIES - PAYABLES

	2005 \$,000	2004 \$,000
Sundry Creditors	487	-
Accrued salaries, wages and on cost	60	114
Trade creditors	19,246	16,427
Goods and Services Tax (Net)	2	11
Total	19,795	16,552

Trade creditors include \$12.8m (\$7.7m 2003-04) payable to Resitech for property construction and acquisition

13. CURRENT / NON-CURRENT LIABILITIES - PROVISIONS

Employee benefits and related on-costs	2005 \$,000	2004 \$,000
Current Provisions		
Recreation Leave	438	383
Long Service Leave	71	269
Superannuation	541	538
Payroll Tax	56	-
Total Current Provisions	1,106	1,190
Non-Current Provisions		
Long Service Leave	655	408
Payroll tax	57	3
Total Non Current Provisions	712	411
Total Provisions	1,818	1,601
Aggregate employee benefits and related on-costs	2005 \$,000	2004 \$
Provisions - current	1,106	1,190
Provisions - non-current	712	411
Accrued salaries, wages and on-costs (Note 12)	60	114
	1,878	1,715

Superannuation Funds

Following advice from NSW Treasury, the AHO is required to meet all its superannuation liabilities as a separate employer. Funds are provided to cover the anticipated liability of the AHO for superannuation and retirement benefits after termination of the employees' services. Any unfunded superannuation liability is recognised as a liability in the Statement of Financial Position. Prepaid contributions are recognised in the Statement of Financial Position as an asset.

The Actuary employed by Pillar Administration has calculated the Superannuation Liabilities for the defined schemes administered by Pillar Administration for the financial year ending 30 June 2005. These schemes include the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS), and the State Authorities Non Contributory Superannuation Scheme (SANCS).

The 2005 assessment of SASS, SANCS and SSS is based on the full requirements of Australian Accounting Standard (AAS25) - "Financial Reporting by Superannuation Plans". This requires that a 'market determined risk adjusted discount rate' be applied as the valuation interest rate in the calculation of the value of accrued benefits. A review of the interest rate assumption used in the 2005 valuation has confirmed that the interest rate of 7% per annum is applicable for the year 2005 employer liabilities calculations. In order to satisfy the AAS25 requirements the financial assumptions which have been applied for the calculations are:

	2003/2004 % pa	2004/2005 % pa	2005/2006 % pa
Rate of investment return	7.00	7.00	7.00
Rate of salary increase	4.00	4.00	4.00
Rate of increase in CPI	2.50	2.50	2.50

The membership data bases used in this year's assessment are those as at 30 June 2005. The net superannuation liability / prepaid contribution disclosed in the Statement of Financial Position is composed of:

	SASS (i) \$'000	SANCS (ii) \$'000	SSS (iii) \$'000	Total 2005 \$'000	Total 2004 \$'000
Accrued Liability Assessed by Actuaries as at 30 June	(322)	(293)	(1,495)	(2,110)	(1,984)
Less: Estimated Reserve Account Balance	305	238	1,029	1,572	1,446
(Net Liability) / Prepaid Contribution	(17)	(55)	(466)	(538)	(538)

(i) SASS - State Authorities Superannuation Scheme

(ii) SANCS - State Authorities Non Contributory Superannuation Scheme

(iii) SSS - State Superannuation Scheme

14. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Total Equity at beginning of the reporting period	463,126	451,817	378,735	-	841,861	451,817
Surplus / (deficit) for the year	14,652	11,309	-	-	14,652	11,309
Transfers to Asset Revaluation Reserve *Land and buildings	-	-	(3,169)	378,735	(3,169)	378,735
Total Equity at the 30 June	477,778	463,126	375,566	378,735	853,344	841,861

15. NOTE TO THE STATEMENT OF CASH FLOWS

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

(a) Reconciliation of Cash

	2005 \$,000	2004 \$'000
Cash at Bank	32,415	27,394
Cash on hand	6	6
Total	32,421	27,400

(b) Reconciliation of Net Cash Flows provided by Operating Activities to Operating Result

	2005 \$,000	2004 \$'000
Operating Results	14,652	11,309
Sundry income due to movements non cash items	(5,591)	(4,229)
Depreciation & amortisation	5,272	5,136
Written down Value of Non-Current Assets Disposed / transferred out	2,680	1,952
Proceeds from Sale of assets	(1,856)	(1,215)
Increase / (Decrease) in Property Plant Payables	1,524	-
Increase / (Decrease) in Accounts Payable	3,243	(5,991)
Increase / (Decrease) in Employee Entitlements and other provisions	217	216
(Increase) / Decrease in Receivables	1,073	(4,895)
Net Cash Flows provided by Operating Activities	21,214	2,283

16. CONTINGENT ASSETS AND LIABILITIES

There are no known contingent assets and contingent liabilities as at 30 June 2005 (Nil at 30 June 2004).

17. COMMITMENTS

(a) Capital Commitments

Aggregate capital expenditure for at balance date and not provided for:	2005 \$'000	2004 \$'000
Not later than one year	1,661	2,815
Total (including GST)	1,661	2,815

(b) HACP and AHO repairs and maintenance contracted for at balance date and not provided for

	2005 \$'000	2004 \$'000
Not later than one year	1,575	2,113
Total (including GST)	1,575	2,113

(c) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:	2005 \$'000	2004 \$'000
Not Later than one year	281	191
Between one and five years	926	1,033
Total (including GST)	1,207	1,224

18. FINANCIAL INSTRUMENTS

For the purpose of these financial statements, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. For the AHO these include cash, receivables and payables.

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to Treasury.

Interest rate risk

Interest rate risk, is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The AHO's exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrecognised at the balance date are as follows:

Financial Instruments	Floating Interest Rates		Non-interest Bearing		Total carrying amount		Weighted Effective interest*	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 %	2004 %
Financial Assets								
Cash	32,415	27,394	6	6	32,421	27,400	4	4
Receivables	-	-	5,383	6,792	5,383	6,792		
Total financial assets	32,415	27,394	5,389	6,798	37,804	34,192		
Financial Liabilities								
Payables	-	-	19,795	16,552	19,795	16,552	N/A	N/A
Total financial liabilities	-	-	19,795	16,552	19,795	16,552		

* Weighted average effective interest rate was computed on a daily basis.

Credit Risk

Credit risk is the risk of financial loss arising from another party to a contract / or financial position failing to discharge a financial obligation thereunder. The AHO's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Statement of Financial Position.

The credit risk on financial assets of the AHO that has been recognised on the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

Net Fair Value of Assets and Liabilities

The AHO's financial assets and liabilities included in the Statement of Financial Position are carried at amounts that approximate net fair value.

19. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The AHO will apply the Australian equivalents to International Financial Reporting Standards (AEIFRS) from 2005-06.

The AHO is managing the transition to the new standards by allocating internal resources and engaging Central Corporate Services Unit (CCSU) to analyse the pending standards and Urgent Issues Group Extracts to identify key areas regarding policies, procedures, systems and financial impacts by the transition. To date, all the phases identified and reported in the Financial Statements for the year ended 30 June 2004 have been completed. In particular, a draft Balance Sheet as at 1 July 2004 was prepared under AEIFRS in parallel with existing AGAAP financial information and financial statement and submitted to the NSW Treasury and Audit Office.

The AHO has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates").

Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial report of the estimated financial impacts of AEIFRS on the AHO's equity and profit / loss. The AHO does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AEIFRS, including the UIG interpretations and / or emerging accepted practice in their interpretation and application. AHO's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

a) Reconciliation of key aggregates

Reconciliation of equity under existing standards (AGAAP) to equity under AEIFRS

	30 June 2005** \$'000	1 July 2004* \$'000
Total Equity under AGAAP	853,344	841,861
Defined benefit superannuation adjustment for change in discount rate**	(1,060)	-
Total equity under AEIFRS	852,284	841,861

* = adjustments as at the date of transition

** = cumulative adjustments as at date of transition plus the year ended 30 June 2005

Reconciliation of surplus / (deficit) under AGAAP to surplus / (deficit) under AEIFRS:

	30 June 2005 \$'000
Surplus / (deficit) under AGAAP	
Defined benefit superannuation	(1,060)
Surplus / (deficit) under AEIFRS	13,592

Notes to tables above

1. AASB 138 Intangible Assets requires computer software that is not integral to the operation of the related hardware to be treated as an Intangible Asset. All computer software per the asset register at 30 June 2005 falls within the definition of Intangible Assets. The Balance Sheet classifications will change to disclose computer software of \$343K as intangible assets and this will reduce the other non current assets Property Plant and Equipment from \$824,255K to \$823,912K .
2. AASB 136 Impairment of Assets prescribes that assets are impaired if their carrying amount exceeds the amount to be recovered through use or sale of the asset. For Not-For-Profit Entities depreciated replacement cost becomes the measure of value in use where certain criteria are met. Office has confirmed that the future economic benefits of capitalised Non-Current Assets are not primarily dependent on the asset's ability to generate net cash inflows and the agency would, if deprived of the assets, replace their future economic benefits. A review of significant asset records and accounting policies did not indicate any material asset impairment.

AASB 136 applies to all assets, subject to certain exclusions – in contrast to the previous standard which applied to Non-Current Assets only.

Assets arising from Employee Benefits are excluded under AASB 136. Financial Assets within the scope of AASB 139 Financial Instruments: Recognition and Measurement – such as Cash and Receivables – were excluded by NSW Treasury mandate.

3. AASB 117 Leases requires lessees under non-cancellable operating leases to recognise lease payments on a straight-line basis over the lease term. This change in accounting methodology affects Lease Expense, Lease Incentive and Lease Liability and consequently has relevance for Statements of Financial Position under AEIFRS. It was determined that the AHO lease expense and liability would not change materially using this basis, and that a Lease Incentive of \$77K was not sufficiently material to require changes to the Balance Sheet that had Liabilities of \$21 million and Assets of \$875 million. No change is proposed under AEIFRS.

A similar requirement exists for lessors. It was determined that the AHO lease rental income and assets would not change materially using this basis and that no change was necessary under AEIFRS.

4. AASB 119 *Employee Benefits* requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense. The following table provided by Pillar Administration highlights the movement in the retained earnings as a result of adopting AEIFRS.

	SASS	SANCS	SSS	Total
	\$,000	\$,000	\$,000	\$,000
Reported surplus/ deficiency under GAAP	(17)	(55)	(466)	(538)
Surplus/deficiency under AEIFRS	(90)	(107)	(1,401)	(1,598)
Movement – Reduction in Retained Earnings	(73)	(52)	(935)	(1,060)

AASB 119 requires present value measurement for all long-term employee benefits. AHO has long-term leave benefits, and already measures these benefits at present value under AGAAP. Therefore no impact will result from the adoption of AASB 119.

(b) Financial Instruments

In accordance with NSW Treasury's indicative mandates, the AHO will apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the comparative figures in the financial year to 30 June 2006. These Standards will apply from 1 July 2005. None of the information provided above includes any impacts for financial instruments. However, when these Standards are applied, they are likely to impact on retained earnings (on first adoption) and the amount and volatility of profit / loss. Further, the impact of these Standards will in part depend on whether the fair value option can or will be mandated consistent with Government Finance Statistics.

(c) Grants recognition for not-for profit entities

The AHO will apply the requirements in AASB 1004 *Contributions* regarding contributions of assets (including grants) and forgiveness of liabilities. There are no differences in the recognition requirements between the new AASB 1004 and the current AASB 1004. However, the new AASB 1004 may be amended by proposals in Exposure Draft (ED) 125 *Financial Reporting by Local Governments*. If the ED 125 approach is applied, revenue and / or expense recognition will not occur until either the AHO supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied. ED 125 may therefore delay revenue recognition compared with AASB 1004, where grants are recognised when controlled. However, at this stage, the timing and dollar impact of these amendments is uncertain.

20. AFTER BALANCE DATE EVENTS

There were no events subsequent to balance date which affect the financial report.

END OF AUDITED FINANCIAL STATEMENTS

Funding to non-government organisations

Repairs and Maintenance Grants 2004-05

Organisation	\$,000
Binaal Billa Region	\$,000
Balranald LALC	363,000
Bogan AC	165,000
Deniliquin LALC	176,000
Griffith LALC	231,000
Hay LALC	99,000
Leeton & District LALC	231,000
Mudjarng AC	215,600
Narrandera LALC	132,000
Nyngan LALC	165,000
Orange LALC	121,000
Tumut/Brungle LALC	215,600
Warren LALC	264,000
Young LALC	143,000

Kamilaroi Region	\$,000
Anaiwan LALC	108,900
Anaiwan LALC	108,900
Ashford LALC	221,100
Gunida Gunyah AC	137,500
Guyra LALC	50,600
Hunter Valley AC	89,100
Moombahlene LALC	41,800
Mrangalli AC	22,000
Nungaroo LALC	222,200
Pilliga LALC	58,300

Uralla Aniwan AC	55,000
Wahgunyah HAC	60,500
Walhallow LALC	115,500
Wee Waa LALC	44,000

Many Rivers Region	\$,000
Bogal LALC	453,200
Boolangle LALC	167,200
Bunyah LALC	91,300
Gugin Gudduba AC	112,200
Gumbangerrii AC	284,900
Kurrachee Co-op	336,600
Mindaribba LALC	121,000

Murdi Paaki Region	\$,000
Bodha Ltd (MPRHC)	278,300
Brewarrina LALC (MPRHC)	60,500
Broken Hill LALC	118,250
Coonamble LALC	253,000
Ngemba Housing Co-op	61,600
Nulla Nulla LALC (MPRHC)	429,000

South Eastern Region	\$,000
Gunangarah Housing AC	30,250
Merrimans LALC	220,000
Munjuwa Health & Housing AC	239,250

Sydney Region	\$,000
Deerubbin LALC	85,800
Gandangara LALC	231,000
Illawarra AC	504,900
Illawarra LALC	18,700
Metropolitan LALC	452,100
Ngalawi Housing Co-op	100,100

Grants for housing acquisition, land acquisition and construction 2004-05

Organisation	\$,000
Kamilaroi Region	\$,000
Cooramah AC	100,000
Gunida Gunyah AC	100,000
Wanaruah LALC	180,000

Many Rivers Region	\$,000
Forster LALC	720,000
Mindarriba LALC	520,000
Wandiyali ATSI Inc	720,000

Murdi Paaki Region	\$,000
Barriekneal AC	300,000

Sydney Region	\$,000
Metropolitan LALC	1,100,000
Ngalawi Housing Co-op	1,100,000

Administrative grants 2004-05

Organisation	\$,000
Aboriginal Housing Company	62,758
South Eastern Aboriginal Regional Management Services	348,287
McLean Aboriginal Housing Management Co-operative Ltd	831,864
Mid-Lachlan Aboriginal Housing Management Co-operative Ltd	1,020,585
Murdi Paaki Regional Housing Corporation	1,429,352

AA = Aboriginal Association
 AC = Aboriginal Corporation
 AHC = Aboriginal Housing Corporation
 HC = Housing Corporation
 LALC = Local Aboriginal Land Council