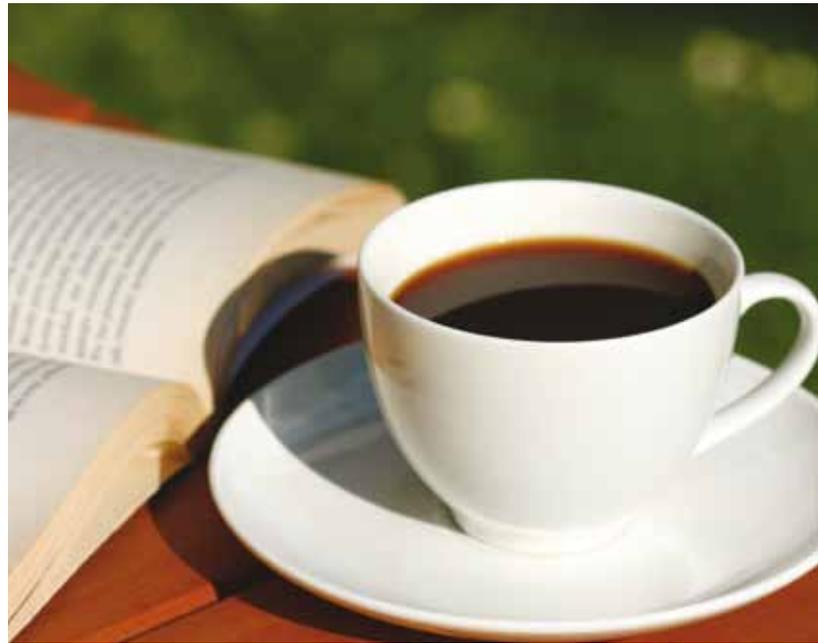


ANNUAL REPORT
09-10



TEACHER HOUSING AUTHORITY
OF NEW SOUTH WALES





Contents

The Hon. Paul Lynch, MP
 Minister for Industrial Relations,
 Minister for Commerce,
 Minister for Energy,
 Minister for Public Sector Reform, and
 Minister for Aboriginal Affairs
 Level 34 Governor Macquarie Tower,
 1 Farrer Place
 SYDNEY NSW 2000

Dear Minister

On behalf of the Teacher Housing Authority of New South Wales (THA), we take pleasure in presenting the following report on the THA's activities for the year ending 30 June 2010 for tabling in Parliament.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the regulations thereunder.

It also includes financial statements as required under the *Public Finance and Audit Act 1983* as amended.

Yours sincerely,



Peter Duncan
 Chair



Philip Shelley
 General Manager

31 October 2010

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Mission

To provide an economic, effective and efficient housing service to teachers in areas where the private rental market does not meet their needs.

Vision

To support education in New South Wales by providing a quality housing service for teachers.

The THA's key result areas are:

- Tenancy Management
- Asset Management
- Financial and Strategic Management

Goals

The THA's goals are to provide:

- a responsive, dependable, empathetic, consistent and competent service;
- a high standard of housing stock;
- a relevant and efficient organisation covering all aspects of tenancy service and asset management; and
- an organisation that engenders a learning and continuous improvement culture, with appropriate resourcing and informed decision making.



THA Board members, Management and Staff inspect work-in-progress at a block of four units under construction in Coonamble during the year.

Charter

The Teacher Housing Authority of New South Wales (THA) is a statutory corporation constituted under the *Teacher Housing Authority Act 1975* as amended.

Under the Act, the principal object of the THA is to provide and maintain suitable and adequate housing accommodation for teachers. The THA also:

- initiates, promotes, commissions and undertakes surveys and investigations into the housing needs of teachers;
- undertakes, promotes and encourages research into the design, construction and maintenance of housing suitable for teachers;
- plans the provision of a comprehensive and coordinated housing service for teachers throughout country New South Wales;
- provides, conducts, operates and maintains a housing service for teachers; and
- advises and makes reports and recommendations to the Minister in respect of matters relating to the housing of teachers.

Achievements in 2009–10

- Completed the construction of or acquired 11 residences
- Commenced construction of a further 22 residences
- Undertook major refurbishment of 61 residences
- Instigated a program to install air-conditioning to 320 THA residences¹
- Established 675 tenancies
- Hosted a conference for Local Housing Representatives
- Developed a Disability Action Plan
- Participated in a review of government employee housing in conjunction with the Department of Premier and Cabinet (DPC)
- Appeared before a Public Bodies Review Committee (Review of Annual Reports)
- Revised a series of Key Performance Indicators
- Developed and conducted a survey to measure customer satisfaction
- Reduced the average vacancy rate to 12.0% from 13.5% the previous year

¹ When completed (by December 2010) all THA residences will be fitted with mechanical air-conditioning or air-cooling.

Chair's Report

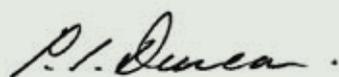
The public sector reforms announced by the Premier in July 2009 saw the Teacher Housing Authority (THA) become a related entity of the Department of Services, Technology and Administration.

With the Department's client focused service delivery culture at its disposal, the THA is in a fortunate and strong position. On one hand, the THA remains a Public Trading Enterprise allowing the Board to determine its strategic direction, business plans and policies, whilst on the other hand the THA has direct access to knowledge and resources of the Department – whose core business is providing services to government agencies.

The re-alignment provides for a strong, yet agile platform which enables management to focus on the THA's core business – supporting the Department of Education and Training in meeting the needs and expectations of teachers assigned to the rural and remote parts of the state. Such strengths and agility are demonstrated in the THA's successes as documented throughout this report and in the THA being recognised as the state's leading provider of government employee accommodation.

I would like to acknowledge the valuable contribution of the two previous Chairs at the Authority; Graeme Head and Alastair Hunter as well as the cooperative support I have received from my fellow Board Members in the period I have been with the Authority.

Finally, I would like to extend my appreciation to Teacher Housing's management and staff, it is pleasing to see a team enthusiastically committed to providing quality customer service in what is a challenging environment.



Peter Duncan
Chair

The Board



Chair (part-time)

Peter Duncan (from April 2010)

Director-General, Department of Services, Technology and Administration

Peter Duncan was appointed Director-General of the Department of Services, Technology and Administration on 2 April 2010. He was appointed Chair of the Teacher Housing Authority that same day.

Peter's previous roles include Deputy Director-General of the Government Coordination Division of the Department of Premier and Cabinet; Executive Director of the Infrastructure Implementation Group within the New South Wales Premier's Department; Chief Executive Officer of Forests NSW and Chief Executive and Director of the Centennial Park and Moore Park Trust.

In the lead up to the Sydney 2000 Olympic and Paralympic Games, Peter was the Director of Estate Management for the Olympic Co-ordination Authority.

During his career, Peter has also held positions in the NSW Department of Public Works, the Department of Main Roads and in local government. He has undertaken private consulting work on infrastructure projects in Australia and London, where he worked on road and rail design for the London Docklands Redevelopment project.

He has also served on a number of senior Government boards and committees, including the NSW Centenary of Federation

Committee, the State Property Authority and the NSW Major Events Committee. Until recently he was Chair of the Marine Parks Authority, Administrator of the Jenolan Caves Reserve Trust and is currently a member of the Government Asset Management Committee.

Graeme Head

(from December 2009 – April 2010)

Director-General, NSW Department of Services, Technology and Administration

Graeme Head was the Chair of the THA from December 2009 until April 2010.

Graeme was appointed Director-General of the NSW Department of Services, Technology and Administration in July 2009. Prior to this appointment Graeme was Director-General of the NSW Department of Commerce.

Between 2007 and 2008 Graeme was the Deputy Director-General (State Administration and Performance) with the NSW Department of Premier and Cabinet – a role combining state administration services with the additional responsibility of reviewing the performance of government agencies and driving sector-wide service improvement initiatives.

Between 1990 and 2007, Graeme spent 17 years in senior roles in environment portfolio agencies, notably as Assistant Director-General of the Environment Protection Authority, and six years as the Chief Executive/Managing Director of the Sydney Catchment Authority.

The Board would like to acknowledge Graeme's contribution over late 2009, early 2010.



Alastair Hunter (to December 2009)
B Econ, CPA

Deputy Director-General, Finance and Infrastructure, Department of Education and Training

Alastair was appointed Deputy Director-General, Finance and Infrastructure at the Department of Education and Training in May 2007. Alastair has over twenty years experience in the public and private sector positions including: Chief Financial Officer at the Department of Commerce and Senior Director, Financial Management and Reporting with the NSW Treasury where he was responsible for the management of the NSW State Budget process, accounting policy and financial management reform.

Alastair Hunter was the Chair of the Board from December 2008 until December 2009. The Board would like to acknowledge Alastair's positive contribution during his year as Chair of the Board.

**Deputy Chair (part-time),
Nominee of the Minister
for Housing**

Mark Byrne
MM MBA

Area Director Western, Housing NSW

Mark was appointed Deputy Chair in January 2007.

Appointed to the role of Area Director – Western, NSW Department of Housing in February 2005, Mark has been engaged in transformational strategies to improve public housing and community outcomes throughout the Central West, West and Far West of NSW.

Mark has previously held senior positions with the former NSW Department of Sport and Recreation and in the management of Sports and Recreation Centres across the State. Mark has also had experience with the NSW Legal Aid Commission, Attorney General's Department and the Office of the Crown Solicitor.

Mark's background is in management, both of staff and assets, strategic planning and change management with a particular emphasis on economic analysis, client service delivery and program/project implementation.

**Department of
Education and Training
Member (part-time)**

Glenn Downie
*Cert Clerk of Works &
Dip Architectural Drafting*

*Director, Regional Asset Services,
Department of Education and Training*

Glenn Downie was nominated by the Director-General of the Department of Education and Training and appointed to the Board on the 10th of December 2009.

Glenn joined the Department of Education and Training as a Senior Technical Officer in 1990. For the majority of his time with the Department, Glenn has held various managerial roles, providing asset service delivery to schools and TAFE both in NSW and, for a short time, with TAFE overseas. Glenn was recently appointed to the position of Manager Delivery, Asset Management Directorate with the Department of Education and Training. He brings to the board extensive operational experience in program, stakeholder and resource management.



Department of Education and Training Member (part-time)

Denis Armstrong

BA Education, Dip Ed

*School Education Director, Lachlan Region,
Western NSW*

Denis Armstrong was appointed to the Board in October 2009.

Denis has over 20 years experience teaching in public schools in rural and remote areas of the State. He spent seven years as Principal at three different schools and a further six in his current role as School Educational Director for Lachlan in the Western Region of the State.

Denis has lived in THA accommodation in Mudgee, Dunedoo and Coonamble.

Denis possesses an extensive knowledge of the needs and challenges facing the educational community in the rural and remote regions of NSW. This makes him a valuable asset to the THA.

Department of Education and Training Member (part-time)

Katrina Jay

B Bus (Acc) Dip Ed, CA

*Manager, Strategic Planning,
Western Institute of TAFE NSW*

Having been appointed to the Board in 2002 this is Katrina's second (and concurrent) appointment to the THA Board.

Katrina is based in Orange and is the Manager, Strategic Planning with the Western Institute of TAFE NSW. Prior to her appointment to this position, she held a number of strategic managerial positions in TAFE institutes throughout western and northern NSW over a 14 year period.

Having been brought up and educated in rural and remote NSW and managing educational programs in the state's far west, Katrina brings wealth of knowledge and understanding of issues facing the educational community in rural and remote NSW.



Teacher Member (part-time)

Owen Hasler

BA Dip Teach

*NSW Teachers Federation Representative
(Nominee of the Minister for Education
and Training)*

Owen was appointed to the Board in January 2007.

Owen has been an Organiser with the NSW Teachers Federation (NSWTF) based in Tamworth.

Owen has a solid background in teaching in remote areas of the State. Owen commenced teaching at Corowa High School and Moulamein Central School in 1971 before moving to Gunnedah High School with his appointment as an English-History teacher. He was promoted to the position of Head Teacher, History, from 1991–2000. Owen was an active State Councillor and Executive Member (1987) of the NSWTF during that time.

Owen's extensive teaching experience and involvement in country schools make him a great asset to the THA. He is a strong advocate for rural teachers through his work as a Country Organiser for the NSW Teachers Federation (NSWTF).

General Manager (full-time)

Philip Shelley

B. Bus, PG Dip Mgt MBA (ex-officio)

Appointed to the role of General Manager in June 2008.

Philip has held a variety of senior management positions within the private sector, mostly with Spotless Services Limited and InvoCare Limited.

With a background in hospitality, Philip has been involved in the strategic delivery of service-based solutions in often complex, customer service environments. With a focus on customer service and project delivery, Philip brings to the THA commercial experience in areas such as business reporting and improvement, contract management and implementation, account management and business development.

Philip reports to the Chair and Board of the THA and he is responsible for managing and developing the Authority as a customer-focused organisation meeting the housing needs of teachers in NSW. He is also responsible for implementing policies determined by the Board in relation to property, tenancy services, financial and strategic management.

Philip's position incorporates the role of the THA's Chief Executive Officer.

Board Membership

The Board of the THA has seven members – four members are appointed by the Governor and three operate in an ex-officio capacity.

Of the four members appointed by the Governor:

- one is nominated by the Minister for Housing (and is Deputy Chair);
- one is nominated by the Director-General of Education and Training, being an officer of that department serving in the western or north-western region of the State;
- one is nominated by the Managing Director of TAFE NSW; and
- one is nominated by the Minister for Education and Training on the recommendation of the NSW Teachers Federation.

Appointed members serve for five years and are eligible for re-appointment.

Of the ex-officio members,

- one is the Director-General, of the Department of Services Technology and Administration (and is Chair),
- one is appointed by the Director-General of the Department of Education and Training, and
- one is the General Manager of the THA.

Under the *Teacher Housing Authority Act 1975*, members are responsible for determining the policies of the THA and ensuring the activities of the Authority are carried out properly and efficiently. The General Manager controls and manages the THA's activities.

Board Meetings

The Board meets on alternate months. It met on six occasions during the year with attendances as follows:

		Eligible to attend	Meetings attended
Chair(s)	Peter Duncan (from 2 April 2010)	2	1
	Graeme Head (from 7 December 2009 to 1 April 2010)	2	2
	Alastair Hunter (to 6 December 2009)	2	2
Deputy Chair	Mark Byrne	6	6
Department of Education and Training Member	Glenn Downie (from 10 December 2009)	4	2
Department of Education and Training Member	Denis Armstrong (from 25 November 2009)	4	2
TAFE NSW Member	Katrina Jay	6	6
Teacher Member	Owen Hasler	6	6
General Manager	Philip Shelley	6	6

Related Entity

The administrative changes announced by the Premier in July 2009 saw the THA become aligned with the Department of Services, Technology and Administration (DSTA).

As DSTA's core business is the provision of key services to government agencies, this alignment is of significant benefit to the THA. In particular, non-core functional areas.

As a government agency with a limited scope, the THA has, in previous years, acknowledged a degree of difficulty in attracting new employees, as well as being able to provide existing employees with suitable opportunities to advance their careers. One aspect of the THA's alignment with DSTA is that THA employees are considered DSTA employees. This policy provides existing THA employees access to

DSTA internal job advertisements, training and development courses and other areas within DSTA's people workforce and planning teams. The policy also enables THA to advertise vacant positions across DSTA enabling the THA to have improved and readily-available access to a large and talented recruitment pool.

As a small agency which has in the past been relatively isolated in terms of policy and administration, the alignment with DSTA provides a suite of resources which benefit the THA and enable it to focus on its core business – an accommodation service for teachers in rural and remote NSW.

Refer to page 33 for more information on Public Sector Reforms and Legislative Changes.

Key Performance Indicators

Throughout the year, the THA's Benchmarks and Key Performance Indicators (KPIs) were reviewed and revised so as to align with the THA's strategic objectives of improving the level of customer service and increasing the THA's commercial focus. Progress was made in the following key result areas:

- the recording and reporting of maintenance requests – a critical area of customer concern;
- the decomposition of the critical path associated with capital projects. By reviewing the milestones involved in delivering capital projects, opportunities to reduce delivery times will emerge;
- a comparison of the THA's occupancy to the Department of Education and Training's transfer point locations (refer to Rents page 13), indicating an alignment with a key stakeholder's objective; and
- more in-depth analysis of occupancy levels, financial analysis and organisational health indicators.

Key Performance Indicators

The revised KPIs are below.

Managing Agents	2009	2010
Percentage of portfolio managed by managing agents	99.0%	99.5%
Number of managing agents engaged	82	81

Comparison to DET's transfer points	2009	2010	
Percentage of properties by DET school transfer points (refer to Rents page 13)	1 pt	n/a	4%
	2 pt	n/a	18%
	4 pt	n/a	29%
	6 pt	n/a	33%
	8 pt	n/a	17%

Rents	2009	2010	
Weekly market rent (prior to any rental subsidy provided by the DET)	Average	\$146.63	\$150.82
	Highest	\$310.00	\$345.00
	Lowest	\$40.00	\$40.00
	Median	\$145.00	\$150.00
Tenancy allocations (leases signed in the year)	629	678	

Occupancy	2009	2010	
Average occupancy throughout the year (at month end)	87%	88%	
Teacher occupancy (June 30)	70%	72%	
Non-teachers (June 30)	17%	16%	
Vacant (June 30)	13%	12%	
Occupancy rate by school transfer points (average throughout the year) Refer to Rents page 13	1 pt	n/a	76.2%
	2 pt	n/a	77.9%
	4 pt	n/a	79.8%
	6 pt	n/a	87.7%
	8 pt	n/a	88.9%

Key Performance Indicators

Responsive Maintenance¹	Sep-09	Dec-09	Mar-10	Jun-10
Average days it took the Authority to raise a purchase order from receiving a maintenance request (items over \$1,250)	n/a	n/a	5 Days	5 Days
Number of Maintenance requests over \$1,250 completed during the period	102	88	101	158
Average days to complete the above maintenance requests	49	51	38	38
Number of maintenance requests below \$1,250 completed during the period	n/a	n/a	88	249
Average days to complete the above maintenance requests	n/a	n/a	64	64

	2007	2008	2009	2010
Median value of responsive maintenance per property ²	\$1,648	\$1,519	\$1,796	\$2,283
Number of residences (Authority and DET owned) where more than \$10,000 was spent in the period (including refurbishment program)	109	123	149	148
Responsive maintenance as a percentage of rental income	42%	43%	47%	54%

Capital Project Delivery	2007	2008	2009	2010
Number of residences purchased and/or fully constructed in the period	6	26	11	11
Number of new residences that are work-in-progress or in the planning stage as at 30 June	22	12	21	45
Average number of weeks to appoint a project manager for the Capital Projects that were completed in that year	25	19	38	31
Average number of weeks to appoint a building contractor for the Capital Projects that were completed in that year	56	31	30	27
Average number of weeks it took the appointed builder to complete the completed Capital Projects in that year	28	31	19	27
Average weeks it took to complete the Capital Projects completed in the year	109	82	87	85

Financial and Organisational Health	2007	2008	2009	2010
Provision for doubtful debts	\$46K	\$38K	\$33K	\$52K
Accounts payment performance	99.80%	99.32%	99.68%	98.54%
Total assets under management	\$147.1M	\$146.2M	\$152.8M	\$153.4M
Lost time due to injury (days)	0	0	0	7
Reported workplace incidents (inc. near misses)	3	4	3	4
Average value of training per employee	\$284	\$450	\$791	\$1,070

1. Maintenance reporting began during the year, hence data is unavailable for the full period (refer page 19 for more information)

2. The air cooling, air conditioning program has inflated responsive maintenance figures in 2009–10 (refer page 20)

Key Result Areas

Tenancy Services Management

Rents

All leases are administered under the *Residential Tenancies Act 1987*. The THA charges market rent in line with government policy.

Primary and secondary teachers appointed to schools in six and eight transfer point locations are entitled to a rental subsidy of 70% or 90% respectively, from the Department of Education and Training (DET). The THA administers the subsidy arrangement on behalf of the DET for teachers living in Authority residences. The subsidy does not extend to TAFE NSW teachers.

The Australian Valuation Office (AVO) reviews rents on behalf of the THA each year. Following the review of rents to apply from 1 May 2010, the AVO recommended no change for 53.1% of tenants, while 2.6% received a rental reduction and 45.3% had a rental increase. The Board approved the recommended rentals.

To meet the legislative requirements regarding formal notice periods to tenants, the proposed increases took effect on 5 July 2010.

Tenants who believed a rental increase was excessive were advised they could appeal to the THA, or seek a hearing with the Consumer Trader and Tenancy Tribunal.

Local Housing Representatives

Local housing representatives play an important liaison role between the THA and tenants. They operate in 40 localities throughout NSW. Their functions include:

- recommending tenancy allocations – particularly in relation to proposed sharing arrangements;
- advising on local teacher accommodation demands, needs and policy issues;
- welcoming and providing a point-of-contact for newly-appointed teachers; and
- helping the THA maintain accurate property records.

To assist the representatives in carrying out their role, an 'Information Kit' is provided when taking up the position.

In August 2009, the THA held the twelfth biennial conference in Dubbo for local housing representatives. Twenty-two representatives from throughout the State, together with THA Board members, THA staff and country organisers from the NSW Teachers Federation attended the conference.

The conference provided a forum to discuss a range of topics which included: maintenance issues, lack of teacher housing in some areas, pest inspections, environmental considerations, refurbishment of units and the cost of housing compared to the private rental market.



Tenancy Services Officer Biki Varela with Wilcannia Local Housing Representative Michael Meaton during a recent field trip.



THA General Manager Philip Shelley and Goodooga Local Housing Representative Jan Rasmussen discussing the refurbishment the THA conducted during the year.

At the end of the reporting period, the THA's Local Housing Representatives are shown in Appendix 1 on page 34.

Managing Agents

During the year the THA continued with its strategy of using local managing agents for the provision of housing services. Their reliable and responsive local service to both teacher and non-teacher tenants is essential to the THA's success.

Managing agents receive an annual property management fee for each THA property they manage. Their role includes: holding keys, arranging maintenance, conducting property inspections, completing various administrative tasks and liaising with Local Housing Representatives, School Principals, and the various THA departments.

Managing agents are presented with an annual *Certificate of Partnership*, a framed certificate which can be displayed indicating their affiliation with the THA.

During the year, five new agents were appointed for areas including Goulburn, Inverell, Barham, Gulgong and Boggabilla. These Agents have cemented their role as a TLS Agent under the agreement and are working well with tenants, Local Housing Representatives in their localities and the THA.

As at June 2010 the THA has 81 individual managing agent agreements, against 82 from the previous year. The number of properties an agent may manage varies from 154 (in 10 different communities) to a single property.

Eight THA properties remain without a managing agent, being Bigga (1), Lord Howe Island (3), Newbridge (1), Pearce's Creek (1), Tyalgum (1) and Wambangalang (1).

At the end of the reporting period, the THA's managing agents and the location of their offices are shown in Appendix 2 on page 35.

Vacancy/Occupancy Rate

The annual vacancy rate averaged 12%. Whilst this is greater than the industry norm, it was inflated by the large number of teachers who transferred from schools and vacated their residences over the summer vacation (the vacancy rate in January 2010 was 18%).

The average vacancy rate for 2009/2010 was 12% – an overall decrease in vacancies from the previous years' figure of 13.5%.

Other factors influencing the vacancy rate include:

- the difficulty in attracting good tenants to school residences that are not required by teaching staff and are situated in isolated localities;
- declining student enrolments in line with a decline in the population of some communities which reduced those school's teacher entitlement;
- the number of residences that are held vacant for teachers (sometimes for lengthy periods), following advice from the Department of Education and Training (DET) that an appointment to a school in the locality is imminent; and
- the need to leave some residences vacant pending disposal action.

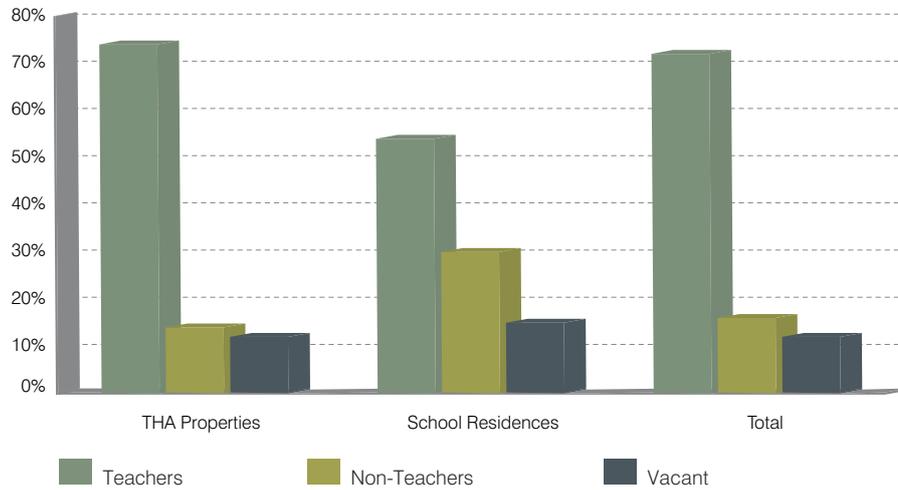
Where a property is vacant due to no teacher demand, the THA (through its managing agents) rents the properties to members of the community.

The THA believes that a rationalisation of the school residences managed on behalf of DET will have a positive impact on the overall vacancy rate. Refer to School Residences page 20 for more detail.

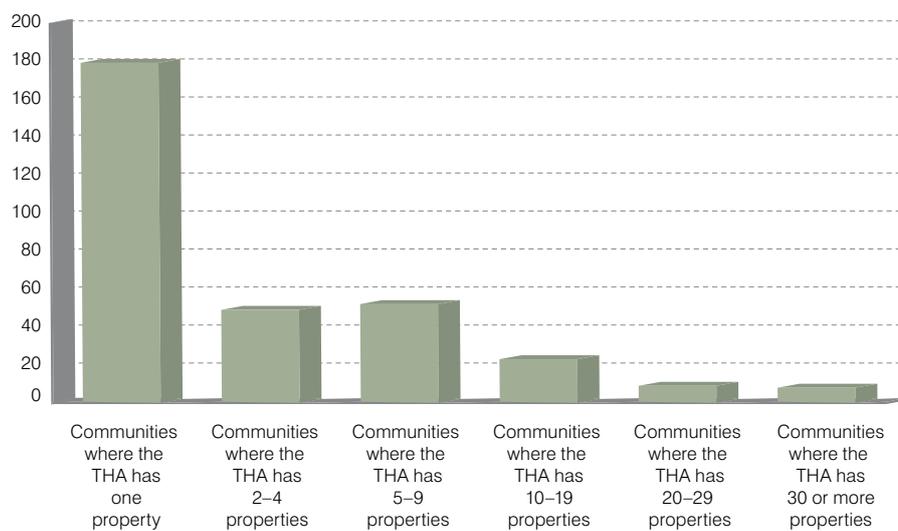


Tenancy Services Manager Shamah Harriman (right), with (from left) Local Housing Representative Gillian Mackenzie, Tenancy Services Officer Biki Varela, and Rowena McRae from Halcroft and Bennett, the THA's Managing Agent in Coonamble, during a recent field trip.

Occupancy Rates – June 2010



Community Presence*



* Communities where the THA has a presence – 320

Customer Survey

The Customer Survey is conducted annually by Instinct and Reason. The THA use this measure of tenant satisfaction in order to improve the services we provide teachers in rural NSW.

One aim of the survey was to gauge customer satisfaction. In order to gain a good picture of customer satisfaction it is necessary to look at what people expect to receive from a service and compare this against their actual experience. The difference between tenant expectations and how they describe their actual experience is called the gap.

Customer Surveys were sent out to two groups: new teacher tenants and long-term tenants. Teachers who had lived in THA accommodation for up to 12 months were classified as new tenants and those who had lived in our accommodation for over 12 months were classed as long-term tenants.

Teacher tenants who are new to living in THA accommodation are a very different group to those who have been living in our housing for over a year. New teacher tenants contact the THA on a regular basis in order to have accommodation allocated to them, organise the lease and the move in. In contrast to this, long term tenants tend to have more contact with the managing agent and only occasionally with the THA. Therefore the two groups of new and long term tenants receive different services from the THA and thus their customer satisfaction is measured separately.

Customer satisfaction with the performance of the THA and our managing agents was measured for these two groups. In order to measure performance the survey used ten key indicators of service: courtesy, credibility, competence, reliability, understanding the customer, access, communication, responsiveness, tangibles and security.

A key finding of the survey showed that there is a higher rate of satisfaction with the THA service among new tenants compared to older tenants. This result is expected as new tenants frequently deal with the THA in order to be allocated housing and arrange their lease. The results also imply that older tenants build a rapport with their real estate agents once they have moved into their new homes and feel comfortable contacting their agent rather than the THA (as per graph below).

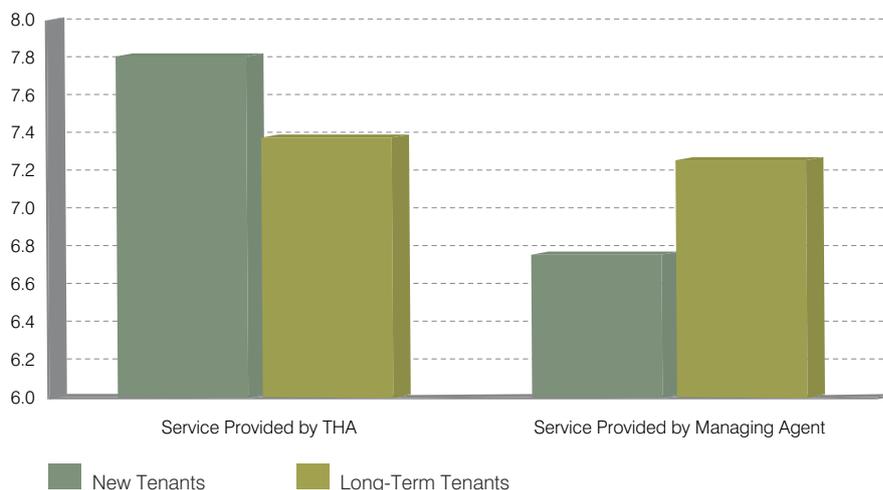
Another key finding illustrates that overall the THA and agents are adequately meeting customers' needs. In terms of performance, both the THA and the agents are exceeding tenants' expectations in terms of courtesy, credibility and competence. Areas where the THA can improve include: responsiveness, security and tangibility.

Action taken to address these areas include: the newly created Maintenance Officer position in order to address maintenance issues, increasing security in high risk areas and fostering a strong customer service culture within the THA.

In order to increase responsiveness at the THA, Tenancy Services have been aligned with the DET's areas through the creation of the four THA regions.

The full results of the survey can be found on the THA website.

Customer Survey



Housing Demand

As at 30 March 2010 there were 248 unsatisfied applications for accommodation,

- 26 (10%) were recent applications that were being processed at the time;
- 12 (5%) applications were suitably housed in THA accommodation in the town they had been appointed to and were requesting to relocate to another THA residence in that town;
- 146 applications (59%) are from teachers who reside in private accommodation in the town they teach and have applied to the THA to satisfy DET's requirements for obtaining a rental subsidy. 54% of applications in this category relate to teachers residing in Broken Hill, and
- 64 longer-term applicants (26%) have not been satisfied.

The 64 longer-term applicants include: those who have indicated they are not willing to share accommodation (which diminishes their chance of obtaining THA accommodation); those who are currently residing in private rental due to a lack of THA housing; those who are currently residing in THA accommodation in another community to where they are appointed; and those who are in THA accommodation which is inadequate for their family's needs.

Unsatisfied applications for accommodation are collected twice a year at the end of November so as to coincide with the end of the school year and the end of March so as to coincide with the end of Tenancy Services peak period which is the beginning of the school year.

This information is one of a number of factors used when considering the THA's capital program (refer page 18).

Field Trips

Tenancy Services Officers undertake up to two field trips each year to increase their knowledge of their property portfolio. Field trips play an integral role in maintaining relationships with tenants, principals, managing agents and local housing representatives, and in developing relationships with other stakeholders in the community.

Field trips provide Tenancy Services Officers with greater insight into the unique difficulties faced by teachers living and working in isolated communities. Trips are frequently combined with site inspections undertaken by Technical Officers to increase their technical knowledge in relation to the standard of housing provided.

Travel in the field also presents the opportunity to identify alternative property management and trade services providers in the locality, in order to continuously improve the quality and delivery of services to our tenants.



Principal of Wilcannia Central School Michelle Nicholson (left), with Project Coordinator Laura Brace (centre) and THA General Manager Philip Shelley (right), during a field trip as part of the review of Government Employee Accommodation.



Tenancy Services Officer Karen Vargas (left), Asset Manager Neryl Wilson (centre) and Tenancy Services Manager Shamah Harriman (right) during a recent field trip to Lake Cargelligo – a remote community 203 kms west of Parkes.



THA General Manager Philip Shelley (left), with Principal of Tullibigeal Central School Adam Forrester (centre) and School Education Director for the Riverina Region Geoff Pellizzer (right), during a recent field trip.



A new two-bedroom unit in Cobar constructed during the year. The THA manages 42 properties in this remote mining community which is 296 kms north-west of Dubbo.



A three-bedroom period School Residence in Wellington that was refurbished throughout the year.



One of two single-bedroom units under construction in Nyngan, a community 164 kms west of Dubbo, considered 'the start of the outback'.

Asset Management

At 30 June 2010, the THA's portfolio consisted of 1522 properties, comprising 760 houses (including 215 school residences), 718 villa units and 44 allotments of vacant land, of which 9 were works in-progress.

Capital Program

The Capital Program is focused on providing accommodation in the more isolated regions of NSW, where the private rental market does not adequately meet the needs of teachers. The program is funded from a combination of operating income, proceeds from the sale of assets and the annual State Government contribution.

During the year, five houses and six units were constructed or acquired (refer Appendix 3 on page 36).

The THA's Statement of Business Intent (SBI) (refer page 32), includes projections of Capital Expenditure for up to five years. As the THA's capital projects take on average 18 months to complete, capital projects are planned ahead of the capital budget for the current year.

As a result of this planning, work-in-progress at the end of the year included 22 residences (refer Appendix 4, page 37). In addition to these residences, a further 23 were in various planning stages.

Projects are not considered work-in-progress until expenditure has been incurred – beyond the acquisition of land.

Land Purchases

During the year the THA purchased allotments of vacant land in Coonamble, Broken Hill, Nyngan and Lightning Ridge (2) at a cost of \$545,000. This land will be used for nine units in Coonamble, Nyngan and Lightning Ridge and for nine houses in Broken Hill and Lightning Ridge. All projects have been approved and were either work-in-progress at the end of the period or in the planning stages.

Heritage Assets

The THA had determined that it will not be able to complete its S170 register until DET's assessment program is finalised.

The DET Heritage and Conservation Register is reviewed and updated each time a local government Local Environmental Plan is published in the Government Gazette. The construction of the DET's Heritage and Conservation Register is therefore ongoing.

Project Management

Project and Construction Managers (PCMs) are drawn from a THA register which lists pre-qualified companies and individuals who provide design, documentation and supervision services for capital and refurbishment projects.

The registration of successful firms is valid until March 2011, subject to satisfactory performance on each project.

Refurbishment Program

Programmed refurbishment continues to be a key strategy in providing a good standard of accommodation for teachers. Major refurbishment was completed on 61 residences at a cost of \$2.557m which includes \$0.967m refurbishing school residences (excludes expenditure in prior periods).

Refurbishments are generally conducted on several properties within one community to take advantage of economies of scale. During the year, refurbishment projects were completed in Coonamble, Goodooga, Bingara, Tooleybuc, Dunedoo, Trangie, Gloucester, Millbrodale, Goolgowi, Wellington, Boree Creek, Pleasant Hills, Wallendbeen, Yoogali and Lord Howe Island.

Asset Disposal

The asset disposal program provides for the progressive withdrawal of THA services from areas where there is an adequate and viable private rental market and for the sale of properties that have reached the end of their economic useful life.

Disposal of surplus properties is primarily undertaken by way of public auction or tender. The gross proceeds for three properties sold during the year amounted to \$456,000.

Details relating to the location of each property sold, together with the contract prices, are shown at Appendix 5 on page 37.

Responsive Maintenance (Contingency Maintenance)

During the period, \$5.311m was spent on responsive maintenance.

In the THA's restructure in 2009, the position of Maintenance Officer was established. The role, designed to measure the THA's performance in this critical area of customer concern, collects and analyses data relating to maintenance and then takes steps to improve the THA's response.

For maintenance items above \$1,250, the response rate was reduced from an average of 49 days to 38 – for these items nine months of data was available.

For maintenance items below \$1,250, the response rate was 64 days – for these items four months of data was collected.

Full year reporting will be available next year. It is acknowledged that it is difficult to track, record and measure responsive maintenance items below \$1,250 and that all instances will not be recorded.

To ensure a responsive approach managing agents are provided with funds in advance (held in trust) and are able to approve maintenance items up to the value of \$1,250.



One of two four-bedroom transportable homes that were constructed during the year in Hillston. This remote agricultural community 110 kms north-east of Griffith attracts six DET incentive transfer points.

Air-Conditioning/ Air-Cooling Program

In December 2009 the Board approved the expenditure of \$1.34m for a program of providing mechanical air-conditioning and air-cooling to those residences not previously cooled. Reverse cycle air-conditioners and ceiling fans are being provided to 320 residences which were not already fitted with air-conditioning or air cooling.

This program will be completed by summer 2010–11 and as a result, all THA residences will be fitted with either air-conditioning or air-cooling.

This expenditure is included in responsive maintenance expenditure.

School Residences

The THA also manages residences owned by the Department of Education and Training (DET) that are located on school sites.

Following a review of the occupancy and possible future use of these properties in 2006–07, the Minister approved the return of 98 residences to the DET for alternative uses.

In 2009–10, the THA returned the following 21 school residences to the DET's administration:

Burcher	Kingstown
Monteagle	Barmedman
Coolabah	Murrarni
Greenethorpe	Nangus
Mummulgum	Holbrook
Wooli	Whitton
Lower Belford	Kurmond
Baan Baa	Bilpin
Bald Blair via Guyra	Gol Gol
Black Mountain	Gilgai
Tintinhull	

The administration (for residential purposes) of the Stratford school residence was returned to the THA during 2009–10.

Financial Management

Financial Performance

Funding for the THA's operational and capital activities is provided from rental and investment income, proceeds from sale of assets and an annual contribution from the State Government.

The 2009–10 result was a deficit of \$0.767m, which was \$0.900m lower than budget. Operating revenue totalled \$15.693m and included a rental income of \$9.782m. The contribution received from the State Government totalled \$5.370m which was in accordance with the THA's budget appropriation for 2009–10.

Operating expenses totalled \$16.460m which was \$0.684m lower than budget. This resulted from a combination of a positive variance in Property Refurbishment Program and Other Administration Expenses.

Property Maintenance expenses were \$0.581m under budget. Responsive Maintenance was \$1.536m over budget and the most significant increases occurred in air cooling and air conditioning installation in remaining THA residences. This was a one-off expense approved by the Board in December 2009. There were slight increases in other general maintenance.

Property Refurbishment Program (PRP) totalled \$1.589m against a budget of \$3.706m. A number of projects were deferred and will be included in the 2010–11 PRP budget. Commitments for PRP as at June 30, totalled \$2.467m.

Capital Program

The THA's Capital Program provides for the acquisition, construction and upgrading of THA-owned properties. The program also records the acquisition and disposal of other fixed assets such as motor vehicles and office furniture and equipment.

The net cash outflow from the THA Capital Program totalled \$2.571m for 2009–10. This represented a decrease of \$1.819m on the budgeted outflow of \$4.390m.

Net proceeds from the sale of three properties totalled \$0.434m.

Land Owned or Occupied

The value of land owned or occupied as at 30 June 2010 was:

	2009-10 \$'000	2008-09 \$'000
Vacant Land	1,290	898
Residences	28,834	28,600
Total land owned or occupied	30,124	29,498

The THA revalues each class of property at least every five years and the last revaluation was completed on 30 June 2007 by an independent valuer.

Account Payment Performance

Across the year, the THA paid an average 98.55 percent of its creditors within agreed time-frames. Time-frames may vary depending on contractual and other agreements.

Credit Card Certification

In accordance with the Treasurer's Direction 205.01, it is certified that credit card usage by officers of the THA was in accordance with Government Policy, Premier's Memoranda and Treasurer's Directions.

Key Financial Statistics

Five Year Trend

Key Financial Results	2009-10 \$'000	2008-09 \$'000	2007-08 \$'000	2006-07 \$'000	2005-06 \$'000
Financial Performance					
Revenue	15,693	15,281	14,842	14,673	14,397
Expenses	16,460	15,668	14,013	13,086	12,790
Operating Result	(767)	(387)	829	1,587	1,607
Included in Operating Result:					
State Government Contribution	5,370	5,265	5,115	5,056	4,876
Borrowing Costs	0	0	0	0	117
Financial Position					
Assets	153,412	152,722	146,198	147,045	116,330
Liabilities	4,540	4,749	1,539	1,707	1,714
Net Assets	148,872	147,973	144,659	145,338	114,616
Financial Analysis					
Current Ratio	1.8:1	1.6:1	3.4:1	3.5:1	2.4:1
Total Debt to Total Assets	3.0%	3.1%	1.0%	1.2%	1.5%
Total Assets to Equity	103.0%	103.2%	101.1%	101.2%	101.5%
Return on Assets	-0.1%	0.5%	1.0%	1.2%	1.4%
Return on Assets (Underlying)	-3.6%	-3.0%	-2.7%	-2.5%	-2.7%

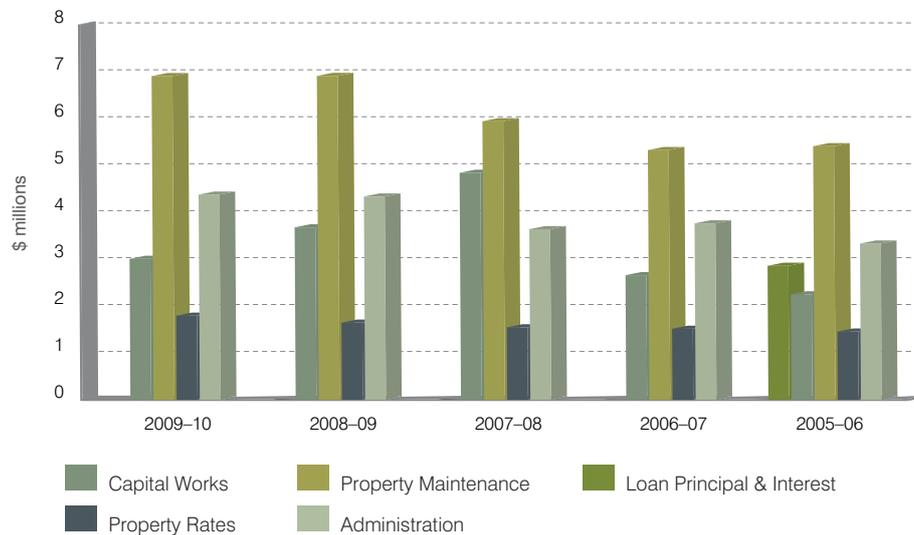
Performance Against Budget

	2009-10 Actual \$'000	2009-08 Budget \$'000	2009-10 Variance \$'000	2010-11 Budget \$'000
Management Operations				
Revenue				
Rental Income	9,782	9,900	(118)	10,300
Government Contribution	5,370	5,370	0	5,473
Investment and Other Income	541	207	334	423
Total Operating Revenue	15,693	15,477	216	16,196
Expenses				
Property Maintenance	6,900	7,481	581	8,082
Property Rates	1,793	1,731	(62)	1,825
Personnel Services Expenses	2,204	2,120	(84)	2,166
Other Administration Expenses	2,170	2,912	742	3,099
(Gain)/Loss on Asset Disposals	454	0	(454)	0
Depreciation	2,939	2,900	(39)	2,900
Total Operating Expenses	16,460	17,144	684	18,072
Operating Surplus/(Deficit)	(767)	(1,667)	900	(1,876)
Capital Program				
Receipts				
Asset Disposal Proceeds	434	1,000	(566)	875
Total Capital Receipts	434	1,000	(566)	875
Payments				
New Works	2,960	5,355	2,395	5,585
Other	45	35	(10)	170
Total Capital Payments	3,005	5,390	2,385	5,755
Net Cash Inflow/(Outflow)	(2,571)	(4,390)	1,819	(4,880)

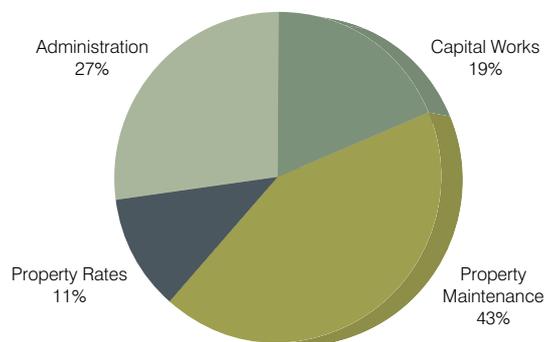
Account Payment Performance

Value of Invoices Paid	1st Quarter \$'000	2nd Quarter \$'000	3rd Quarter \$'000	4th Quarter \$'000	Total \$'000
Paid Before Due	5,393	2,627	2,852	4,719	15,591
<30 days Overdue	202	202	414	73	891
>30<60 days Overdue	0	0	0	20	20
>60<90 days Overdue	0	0	0	0	0
>90 days Overdue	0	0	0	0	0
Total Value of Invoices Paid	5,595	2,829	3,266	4,812	16,502
Number of Invoices Paid	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Number Paid	4,483	3,761	4,578	4,576	17,398
Number Paid on Time	4,408	3,703	4,553	4,482	17,146
Percentage Paid on Time	98.33%	98.46%	99.45%	97.95%	98.55%

Expenditure Comparison by Major Categories



2009-10 Expenditure Dissection (Total Outlay – \$16.072m)



Organisational Change

During the year, a twelve month review of the THA's change management plan, implemented in April 2009, was conducted. The purpose of the review was to consider the effectiveness of the plan and subsequent restructure in light of its key objectives being: improving customer service levels, developing effective communication platforms, and bringing a commercial focus to the business with a view to being a more effective organisation.

The review found that planned outcomes from the Change Management Plan implemented in April 2009 were generally achieved with the following recommendations:

- reclassify the Business Strategy Analyst from a temporary status to a permanent status;
- implement and recruit a part-time debt recovery role,
- undertake mentoring and professional development for managers, and
- identify opportunities to reinforce a message of change.

At the June meeting the THA Board supported the review's recommendations, and approved their implementation.

Staffing

THA staff are employed under Chapter 1A of the *Public Sector Employment and Management Act 2002* and are considered part of the Department of Services, Technology and Administration for the purposes of that Act. There are no Senior Executive Service positions in the THA. A table showing the THA's staffing numbers by category for the reporting year and the preceding three years is shown at Appendix 6 on page 37.

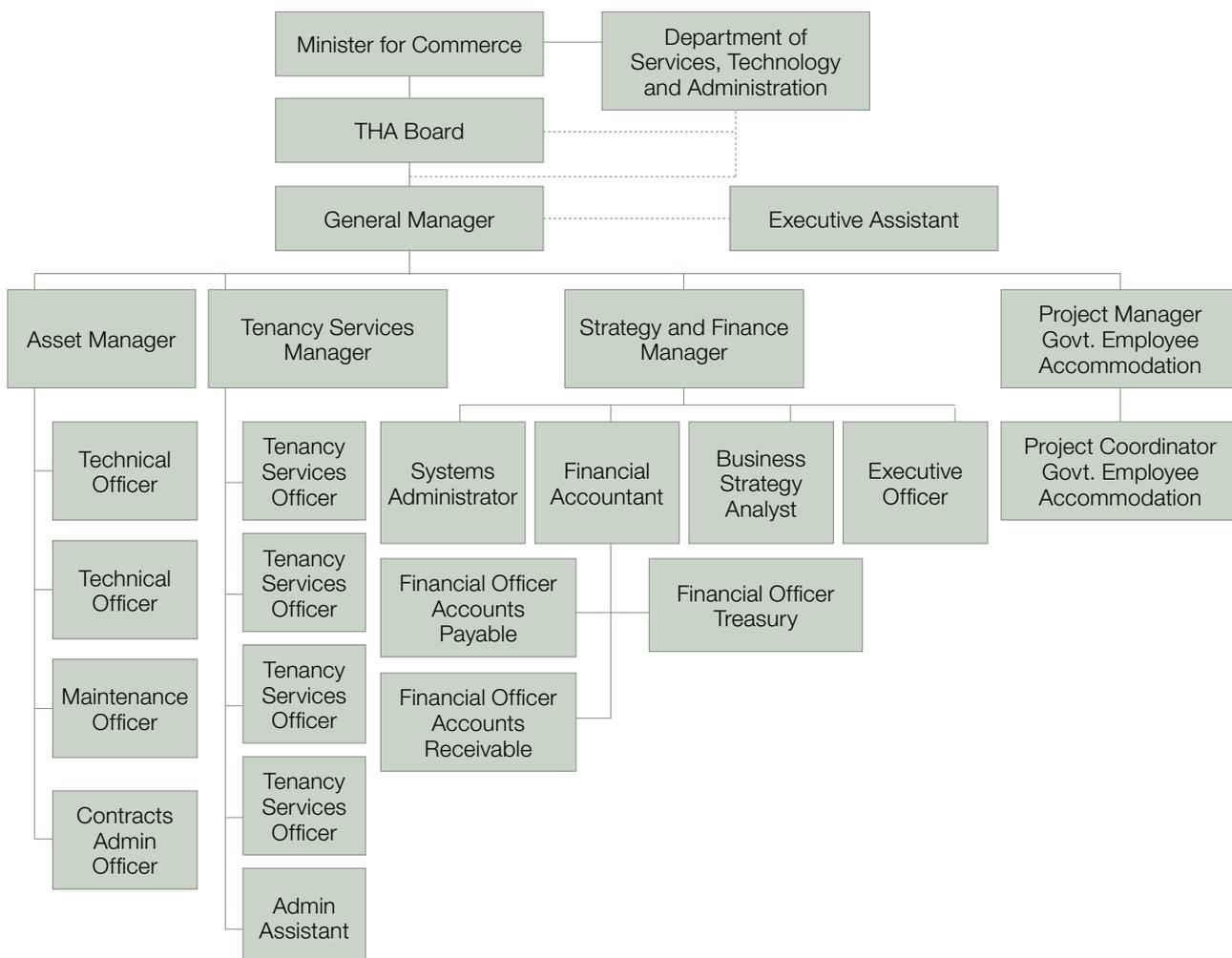
Stakeholders

During the year and in line with the Public Sector Reforms (refer page 33), the THA reviewed its responsibilities to its stakeholder groups.

A full listing of stakeholders, the THA responsibility to those stakeholders and the method(s) or application(s) of how the THA addresses each stakeholder is in Appendix 8 on page 39.

Organisational Structure

The chart below outlines the THA's organisational structure, reporting lines and functional responsibilities as at 30 June 2010.





From left to right: Praveen Swarup, Mark Faulkner, Prue Bolton, Hugh Rivera, Siddharth Samant, Khuong Duong, Robert Pyne.

Strategy & Finance Team

Strategy & Finance Manager

Praveen Swarup

FCPA, BAcctg, Dip Bus

Praveen joined the THA in 2001 from the Department of Local Government. Prior to joining the Public Sector he spent over twelve years in accounting and financial management roles in the commercial sector including Rothmans and Siddons.

Praveen oversees the finance team and the delivery of corporate support functions including business analysis, executive support and IT. Praveen acts as Principle Strategic Planning and Financial Management Advisor to the General Manager and Board. His position incorporates the roles of Chief Financial Officer and Chief Information Officer.

Business Strategy Analyst

Mark Faulkner *B Info Tech*

Mark joined the THA in April 2005 as IT Systems Manager, having worked previously in the local government sector and private sector including Cap Gemini and DuPont.

As a Business Strategy Analyst, Mark's role is to support the THA with timely commercial analysis and advice and manage strategic business documents such as the Annual Business Plan, Statement of Business Intent and the Business Continuity Plan.

The role initiates and develops strategic policies to assist the THA's business systems to improve service delivery and provide greater efficiency.

Executive Officer

Prue Bolton *BA Psyc, English Lit*

Prue joined the THA in July 2009, having worked previously in compliance at Dyno Nobel.

As Executive Officer, Prue provides executive support to the THA Board, General Manager and the Strategy and Finance Manager, which includes advice and support on communications, government liaison and executive and ministerial correspondence. Prue is responsible for the THA's HR processes that involves a functional relationship with Department of Services Technology and Administration.

Systems Administrator

Hugh Rivera *MCP, MCSE*

As Systems Administrator, Hugh Rivera is responsible for maintaining the THA's IT systems including the Local Area Network, hardware, software and peripherals, in conjunction with support from the Office of the Board of Studies and the Department of Services Technology and Administration.

Financial Accountant

Siddharth Samant

M.Com, GC.Com, ACA, CPA

Siddharth joined the THA in August 2009 from the Australian Museum. He supervises the finance and accounting team including the THA's accounting and budgetary services in accordance with accounting standards, legislation and government procedures, analysis and forecasting.



From left to right: *Becky Lou, Sonia Li, Sharnah Harriman, Beth Tamm, Biki Varela, Elaine Thornton, Karen Vargas, Laura Brace.*

Finance Officers

Finance Officers Khuong Duong (B Ec., Dip Real Est. Mgnt, CPA), Robert Pyne and Becky Lou (BAcctg), Sonia Li (M.Acc) support the Financial Accountant in providing a range of accounting services including treasury functions, payables, receivables, taxation, debt recovery, month end and year end reporting.

The finance team carries out all budgetary and accounting services in accordance with accounting standards, legislative requirements and government procedures.

Tenancy Services Team

Tenancy Services Manager Sharnah Harriman

Sharnah joined the THA in 2001 from Housing NSW. With a background in Tenancy Management and several years at the THA, Sharnah has a sound understanding of residential tenancy legislation and an appreciation of the challenges facing teachers in rural and remote NSW.

Responsible for a customer's first point of contact with the THA, Sharnah manages the Tenancy Services team which involves management of the THA's managing agents, liaising with Local Housing Representatives and the Department of Education and Training's staffing office.

The role ensures the allocation of housing and the collection of rents is in line with THA policy and legislative requirements. Where necessary, Sharnah appears before the Consumer, Trader & Tenancy Tribunal (CTTT) on behalf of the THA.

Beth Tamm, substantively appointed to the Tenancy Services Manager role, was on leave for the majority of the 2009–10 financial year. As such, Sharnah is in the role in an acting capacity.

Tenancy Services Officers

Tenancy Services Officers Biki Varela, Elaine Thornton, Karen Vargas and Laura Brace are the first point of contact with the THA for prospective tenants. They are also the principal contacts at the THA for existing tenants on all matters. Their role involves processing applications for housing, allocating properties, liaising with managing agents and Local Housing Representatives, school principals and the Department of Education and Training's staffing office.

With an emphasis on the start of the school year when the majority of housing applications are processed, the Tenancy Services Officer role analyses teacher housing demand to ensure customer expectations are met.

Each Tenancy Services Officer is responsible for a designated area which is aligned with the Department of Education and Training's School Education Director's areas, thus offering the Department of Education and Training a seamless and consistent service.

Administrative Assistant

The Tenancy Service Branch is supported by Fran Hughes, Administrative Assistant, who provides administrative support to the Tenancy Services team.



From left to right: John McGaughey, Neryl Willson, Fran Hughes, Kevin Bray, Liddy Kelly, Arveen Kumar, Sharon Paule, Philip Shelley.

Assets Team

Asset Manager

Neryl Willson

Dip Teach

Previously a teacher in NSW schools, Neryl rejoined THA in August 2009 after a period with the Rural Lands Board. Neryl filled several roles in her previous eight years with the THA, including Tenancy Manager and Manager, Planning and Liaison. This has enabled Neryl to develop an understanding of the issues facing the management of assets in rural and remote NSW, whilst having a sympathetic approach to the needs of teachers in those areas.

Responsible for formulating and implementing policies and plans for asset and property management, Neryl oversees the THA's major expenditure programs – capital, refurbishment and School Residence programs.

With a focus on property maintenance, the role involves the improvement of property-related information management systems to enable the THA to meet the expectations of teachers in rural and remote NSW.

Technical Officers

John McGaughey and Kevin Bray are responsible for the management of the THA's major expenditure programs being capital, refurbishment and School Residence programs. Their role ensures the programs are completed in a timely manner, in accordance with Australian building standards, to the THA specifications and in line with THA policy. They oversee project managers and assess and make recommendations on tenders received.

Contracts Administrative Officer

Liddy Kelly is responsible for the administration of the major works program including assessing tenders and making recommendations. She oversees the acquisition and disposal of THA assets (including land and buildings) and administers the return of School Residences that have been identified for return to the Department of Education and Training.

Maintenance Officer

Arveen Kumar is responsible for tracking, updating and reporting on a range of maintenance tasks received from customers and/or periodic property inspections conducted by the THA's managing agents. This new role, involves liaising with managing agents in what is a crucial area of customer concern.

Other Positions

The three teams of Strategy and Finance, Assets and Tenancy Services are supported by the THA's General Manager, Philip Shelley (refer page 8), who is supported by Executive Assistant, Sharon Paule, who commenced with the THA in early June 2010.

The review of Government Employee Accommodation allows for two positions of Project Manager and Project Coordinator. Dayna Greenfield was seconded from Housing NSW to manage the review and Laura Brace was seconded from the THA's Tenancy Services team to co-ordinate the review (refer Government Employee Accommodation Review page 33 for more information).

Human Resources

Industrial Relations

There were no industrial issues which affected the operations of the THA during the year.

Employee Salaries and Allowances

In accordance with the Crown Employees (Public Sector – Salaries 2004) Award, a salary increase of 4% effective from the first pay period after 1 July 2010 was paid to THA staff.

Staff Development and Training

All staff are encouraged to advance their professional development by undertaking training and development opportunities. Expenditure of \$22,471 was incurred on training and development during the year.

Employees completed a wide range of courses such as IT applications, merit selection training, procurement, financial management and first aid. In addition to this, an accounting certification and postgraduate studies were supported by the THA.

One member of staff accepted the opportunity to receive mentoring for a year, which aligned that employee's skills with their career objectives.

As a DSTA related entity, the THA has access to online learning courses which cover areas such as OH&S, Computer Training and Business Skills.

Disability Action Plan

The THA has developed a Disability Action Plan in accordance with the Guidelines for Disability Action Planning by NSW Government Agencies (Premier's Memorandum M2009-01).

Occupational Health and Safety

During 2009–10 there were two reported near-misses, two incidents and seven days lost time for injury.

The THA conducted an influenza vaccination prior to the 2010 winter season, with the cost met by the THA.

Sick Leave

Over the twelve month period from July 2009 to June 30, 2010, the total number of sick days taken by staff was 138 days. The average sick leave per member of staff was 6.6 days, a decrease of 0.6 days per staff member from the previous year.

Employee Assistance Program

Until April 30, 2010, the THA had an agreement with IPS Worldwide for the provision of a confidential counselling service for staff and their immediate family members experiencing personal or work-related issues.

Staff were able to access the service free of charge. Usually four sessions were provided, however in some instances this was extended to eight. Use of the program was voluntary and operated through a self-referral arrangement.

From the 1 May 2010, the THA has been covered by the counselling service provided through DSTA's provider, which is PPc Worldwide.

NSW Public Sector Workforce Profile

As part of a Service Level Agreement for corporate services, the Office of the Board of Studies (OBOS) completes the annual workforce profile in respect of THA staff.

Multicultural Policies and Services Program

The THA is committed to the principles of multiculturalism outlined in the *Community Relations Commission and Principles of Multiculturalism Act 2000*.

These principles are implemented through:

- Merit-based recruitment practices; and
- Work arrangements in the office which respect and accommodate cultural and religious differences wherever possible.

The THA acknowledges that members of the NSW Government teaching service are representative of many different cultures throughout the State. The provision of housing to those teachers is made on the basis that differences can be accommodated in each property without the need to take special action to meet particular religious or cultural requirements as tenancies change.

Because of the specific nature of THA business and the associated client base, there is little opportunity to introduce new initiatives relating to multiculturalism. However, it is also important to note that as a related entity of the DSTA, the THA is also covered by the Multicultural Policies and Services Program Plan 2010-2014.

Thus, for the ensuing year, the THA will continue to implement the principles by the means outlined above.

Other Activities

Freedom of Information

Under the *Freedom of Information Act 1989*, clients have the right to access information either via a formal or informal request. All formal requests must be made in writing and incur a fee of \$30.

The THA responded to three requests for information which were processed during the year.

Privacy Management

The THA's Privacy Management Plan addresses the privacy principles outlined in the *Privacy and Personal Information Protection Act 1998* and *Health Records and Information Privacy Act 2002*.

During the year, there were no complaints received from any individual about the privacy of their personal or health information, or the way it was handled.

Internal Audit

An ongoing Internal Audit Program is undertaken by independent auditors each year. This year, the THA again used IAB Assurance and Advisory Services. In accordance with the approved program, reviews were completed on:

- Review of Fidelity Issues
- Follow up review on prior audits
- Income Generation and Associated Activities

The audits confirmed that the THA's operating procedures were effective. While some recommendations were made for improvements (which the THA has, by and large agreed to adopt), no major control risks were identified.

At the June 2010 meeting, the Board adopted DSTA's governance framework and appointed DSTA's Chief Auditor as the Authority's Chief Audit Executive. This enables the Authority to make use of DSTA's Governance Framework (including Enterprise Risk Management and Compliance) as such at 30 June 2010 the THA was compliant with Treasury's circular TC 09/08.

Risk Management

The NSW Treasury Managed Fund provides: workers compensation, motor vehicle, property, public liability and miscellaneous cover for the THA's operational activities.

In 2009–10 the premium was \$291,710 (\$253,990 for property cover).

Property claims totalling \$195,126 were made against the fund this year. Details are shown on Appendix 7 on page 38.

Treasury Attestation

In compliance with Treasury Circular 09/08, the Authority as a related entity of DSTA prepared an attestation statement that appears below:




Treasury Attestation

Internal Audit and Risk Management Attestation for the 2009-2010 Financial Year for the Teacher Housing Authority of NSW (THA)

I, Philip Shelley, General Manager of the Teacher Housing Authority of NSW (THA) and I Peter Duncan, Chair of THA am of the opinion that THA has internal audit and risk management processes in place that are, in all material aspects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables senior management of THA to understand, manage and satisfactorily control risk exposures.

I, Philip Shelley, General Manager of Teacher Housing Authority of NSW and I Peter Duncan, Chair of THA am of the opinion that the Audit and Risk Committee for THA (which is also the Audit and Risk Committee for DSTA) is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Mr Peter Whitehead, Independent Chair (period of appointment from 1 September 2009 to 31 August 2012)
- Ms Carolyn Burlew, Independent Member (period of appointment from 1 September 2009 to 31 August 2011)
- Dr Gul Izmir, Independent Member (period of appointment from 8 October 2009 to 7 October 2011)
- Ms Anne Skewes, Non-independent member (period of appointment from 24 March 2010 to 23 March 2013)
- Mr Michael Silk, Non-independent member (period of appointment from 24 March 2010 to 23 March 2013)

Signed: 
Date: 20/8/2010

Philip Shelley
General Manager THA

Signed: 
Date: 20/8/2010

Peter Duncan
Chair THA

In accordance with a resolution of the Governing Board of the Teacher Housing Authority of NSW

THA Contact Officer

Praveen Swarup
Manager Strategy & Finance

Consultants

The THA engaged four consultants to assist with the following projects: Organisational review and design, Customer Survey and Property Condition Assessment.

The total cost of consultancies was \$87,832.

Business Plan/Statement of Business Intent

A revised Statement of Business Intent (SBI) and Business Plan (BP) were referred to the Minister and Treasurer for endorsement and acceptance on behalf of the Government in June 2010.

Information and Communications Technology

The THA continues to utilise technology to enhance its core business functions. To highlight this, our website allows teachers to send us requests such as new housing applications or transfers electronically. The THA website received a total of 1069 online requests in 2009/10 which is up 8% from the previous year.

Realising the importance of ICT systems and services, the THA maintains a schedule to keep it up-to-date with current technologies. In 2009/10 a total of \$0.050m was spent upgrading our core server hardware and software systems. Having utilised the previous technology for many years, it was seen as a requirement for security and stability to migrate to a virtual server environment which can be further developed with easy upgrade/migration options built in to the new system. It also expands our operating systems hardware compatibility, allowing the THA to rapidly restore functionality in the case of a critical disaster or migration.

The upgrade of core systems was timely as in 2010/11 the THA will be moving its ICT systems to a new location operated by DSTA, whilst maintaining the ability to perform ICT management from a remote office location.

Overseas Travel

No Board or staff member travelled overseas on official business during 2009–10.

Public Bodies Review Committee

In October 2009 the THA's General Manager appeared before the Public Bodies Review Committee's Review of Annual Reports.

The review's terms of reference were to examine the annual reports of all public bodies and to enquire into and report on:

- (a) The adequacy and accuracy of all financial and operational information;
- (b) Any matter arising from the annual report concerning the efficient and effective achievement of the agency's objectives.

Specific comments and recommendations made by the Committee concerning the THA's annual report were:

"The Committee recognises that as a small agency with limited resources, the THA produces a well presented and compliant report, which conveys a clear sense of organisational purpose and achievements to its readership.

The Committee was pleased to note the THA's commitment to improving its annual report. It is the Committee's view that those aspects which are most in need of attention are performance reporting and management and governance reporting."

In acknowledging the Committee's recommendation, the THA has improved its performance reporting (refer KPIs & Benchmarks pages 11 and 12), aligned the THA's internal audit processes with the Department of Services, Technology and Administration's audit and governance platform (refer Internal Audit page and Attestation pages 30 and 31) and listed its stakeholders, its responsibilities to them and the application of meeting their needs in this annual report (refer Responsibilities to Stakeholders Appendix 8 page 39).

Review of Government Employee Accommodation

In March, a Cabinet Minute was endorsed which requested the THA conduct a review of government employee accommodation in conjunction with the Department of Premier and Cabinet in seven key communities.

This whole-of-Government initiative involves a project to develop an evidence base and information on costs in priority rural and remote towns. Agencies involved in the review are the Department of Human Services (Community Services component); the NSW Police Force; NSW Health (Greater Western Area Health Service); the Department of Justice and Attorney-General (Attorney-General component); with other bodies by agreement.

The project management costs for the project will be met from participating departments.

The project is due for completion in December 2010.

Public Sector Reforms and Legislative Changes

Administrative changes announced by the Premier in July 2009 transferred control and direction of the Authority from the Minister for Education and Training to the Minister for Commerce with effect from July 1, 2009.

These administrative changes saw the Teacher Housing Authority become a related entity of the Department of Services, Technology and Administration. Employees engaged at the Teacher Housing Authority were transferred from the Department of Education and Training to the Department of Services, Technology and Administration.

Legislative changes concerning the appointment of members received assent on 30 November 2009. The changes allowed for the appointment of a new member being the Director-General, Department of Services Technology and Administration (or his nominee), as the Chairperson of the Authority, and for a member appointed by the Director-General, Department of Education and Training. The position of Chairperson, Director of Properties for the Department of Education and Training, was abolished.

Appendices

Appendix 1

Local Housing Representatives

Name	Locality
Sue Coates	Balranald
Vicki French	Baradine
Geoff Swan	Barellan
Amy O'Connor	Batlow
Sarah Basquil	Barham
Denise Bourke	Boggabilla
Philip Steel	Bombala
Michael Conrad	Bourke
Lyn Shanahan	Brewarrina
Christine Collins	Broken Hill
Jonathan Harvey	Cobar
Courtney White	Coleambally
Kim Roberts	Collarenebri
Melissa Rees	Condobolin
Graham Steigler-Peters	Coolah
Carey Gardiner	Coonabarabran
Gillian McKenzie	Coonamble
Trish Holmes	Crookwell
Peter Campbell	Dunedoo
Keiran Davis	Finley
Kate Bender	Gilgandra
Jan Rasmussen	Goodooga
Richard Wiseman	Griffith
Barbara Reynolds	Gunnedah
Chris Rankmore	Hay

Name	Locality
Mark Toohey	Hillston
Glenn Partridge	Inverell
Mark Densmore	Ivanhoe
Sharon McFadden	Jindabyne
Peter Mowbray	Junee
Colin Winter	Kandos
Paul Yardy	Lake Cargelligo
Julie O'Donahue	Lightning Ridge
Georgia Shepherd	Menindee
Justin Graham	Moree
Kirsty Ezbery	Mungindi
Elizabeth Cobcroft	Nyngan
Lynette Stock	Quirindi
Melanie Wait	Tooleybuc
Susan Barbary	Tottenham
David Crelley	Tumbarumba
Helen Culbert	Ungarie
Samantha Thompson	Walgett
Peter Cambrell	Warialda
Emma Rice	Warren
Nicole Johnston	Wee Waa
Karen Davies	West Wyalong
Amy Walsh	Wilcannia
Peter Massey	Yass
John Bernasconi	Yeoval

Appendix 2

Managing Agents

Managing Agent	Locality
AGNVET Management Services Pty Limited	Henty
Amato Real Estate	Leeton
A-One Realty	Nyngan
Bailey & Gough First National Real Estate	Grafton
Boorowa Real Estate	Boorowa
Century 21 McLeods Broken Hill	Broken Hill
Charles L King & Co (Barham)	Barham
D J Woods & Co Pty Ltd	Mudgee
Davidson Cameron & Co	Coonabarabran
Diana Corcoran Real Estate	Glenn Innes
Dillon & Sons First National Real Estate	Dungog
Don Young & Co Pty Ltd	Finley
Ede's Real Estate Pty Ltd	Bulahdelah
Elders Limited – Yass	Yass
Elders R/E – Lismore (R Gordon & Son)	Lismore
Elders Rural Services Australia Limited	Scone
Eldridge Properties	Rand
Elstone Agencies Pty Ltd	Wentworth
First National Real Estate Gunnedah	Boggabri
Fisk & Nagle First Choice	Cooma
G M Llewelyn & Co	Merriwa
Gloucester First National Real Estate	Gloucester
Griffith Real Estate	Griffith
Gundagai Real Estate	Gundagai
H Roy Miller	Bingara
Halcroft & Bennett Pty Ltd	Coonamble
Harold Curry	Drake
Hastings Valley Property Management	Long Flat

Managing Agent	Locality
J N Straney & Son Pty Ltd	Condobolin
Jeff Grosse Real Estate	Walla Walla
Joe Jones & Associates	Trangie
John B McGregor Real Estate	Young
Kane Real Estate	Albury
Keith Bell & Son First National	Willow Tree
Kelly's Property Sales Pty Ltd	Walgett
Kirkland Real Estate	Repton
Kosciusko First National R/E	Jindabyne
Kyogle Real Estate	Kyogle
L J Hooker – Bowral	Glenquarry
L J Hooker – Echuca	Moama
L J Hooker – Lithgow	Capertee
L J Hooker – Muswellbrook	Aberdeen
L J Hooker – Singleton	Singleton
Landmark Barraba	Barraba
Landmark Boulton's	Yarrowitch
Landmark Russell	Cobar
Len Sevil Pty Ltd	Narrabri
Leo Conway Agencies Balranald NSW	Balranald
Lloyd Sheridan Pty Ltd	Coolah
M F Brennan & Co	Temora
M H Thomas	Gilgandra
Michael Robinson & Co	Forbes
Milling Stuart Pty Ltd	Dunedoo
Moree Real Estate	Moree
Narrandera Real Estate Services Pty Ltd	Narrandera
New England Town & Country Real Estate	Guyra
Noel Daley Real Estate Pty Ltd	Inverell

table continued on next page

Managing Agent	Locality
Noel Watson Pty Ltd	Tooleybuc
Oberon First National	Oberon
Peter Druitt & Co Pty Ltd	Rylstone
Plasto & Company Pty Ltd	Wellington
PRD Nationwide – Junee	Junee
PRD Nationwide – Tumbarumba	Rosewood
Prosser Hutton Pty Ltd	Mungindi
Quaide Moncrieff Livestock & Property	West Wyalong
Raine & Horne – Gulgong	Gulgong
Ray White – Braidwood	Braidwood
Ray White – Cowra	Cowra
Ray White – Parkes	Trundle
Ray White – Tamworth	Bendemeer
Ray White Rural – Goondiwindi	Boggabilla

Managing Agent	Locality
Real Estate Rentals – Taree	Ghinni Ghinni
Richardson & Wrench Coffs Harbour	Dorrigo
Roache & Matthews	Peak Hill
Rodwells & Co Pty Ltd	Hay
Ron Loiterton Real Estate	Cootamundra
Stockdale & Leggo Corowa	Corowa
The Professionals – Goulburn	Crookwell
Tumut Real Estate	Tumut
V J Flett Pty Ltd Inc D P O'Brien	Manilla
Western Plains Real Estate	Narromine
Wilkinsons R/ E Agencies Riverstone	Spencer
Williams Machin First National – Molong	Molong
Wyatt Wheatley & Associates P/L	Deniliquin

Appendix 3

Properties Constructed or Acquired During 2009–10

Town	Project Description	Total Cost \$
Cobar	2 x 2-bedroom villa units	700,882.13
Coonamble	1 x 4-bedroom house	439,992.30
Coonamble	2 x 1-bedroom & 2 x 2-bedroom villa units	760,142.66
Goodooga	1 x 4-bedroom House	355,746.20
Hillston	1 x 3-bedroom House	287,679.15
Hillston	1 x 4-bedroom House	291,730.25
Condobolin (acquired)	1 x 4-bedroom House	403,763.85
TOTAL		3,230,936.54

Appendix 4

Works in Progress as at 30 June 2010

Town	Project Description	Expenditure to 30 June 2010 \$	Estimated Completion
Lightning Ridge	1 x 4-bedroom House	14,736.93	October 2010
Lightning Ridge	2 x 1-bedroom & 1 x 2-bedroom villa units	14,736.93	October 2010
Nyngan	2 x 1-bedroom villa units	15,995.00	September 2010
Condobolin	3 x 1-bedroom villa units	17,562.94	January 2011
Menindee	1 x 4-bedroom House	256,337.16	August 2010
Lake Cargelligo	2 x 1-bedroom villa units	27,490.80	February 2011
Broken Hill	10 x 1-bedroom villa units	127,400.00	June 2011
TOTAL		474,259.76	

Appendix 5

Asset Disposal Properties Sold in 2009-10

Locality	Address	Contract Price \$
Moree	36 Jacaranda	120,000
Hillston	4 Keats St	84,000
Wauchope	1 Mackay Street	252,000
TOTAL		456,000

Appendix 6

THA Employees by Category

Category	2009-10	2008-09	2007-08	2006-07
Administrative and Clerical	23	21	22	22

Note:

Two employees in 2009-10 are temporary appointments related to the review of Government Employee Accommodation (refer page 33).

Appendix 7

Treasury Managed Fund – Property Insurance Claims

Financial Year 2009/10

Locality	Claim	Cost \$
Walgett	Water damage to floor coverings	4,503.15
Walcha	Wind storm damage to doors	489.50
Narrabri	Water damage to ceiling	715.00
Coonabarabran	Storm damage to gutters	616.00
Griffith	Fire damage to house	111,971.63
Boggabilla	Storm damage to house	4,720.37
Boggabilla	Storm damage to unit	1,674.30
Boggabilla	Storm damage to house	1,726.98
Boggabilla	Storm damage to unit	755.99
Boggabilla	Storm damage to house	1,651.60
Boggabilla	Storm damage to house	688.00
Boggabilla	Storm damage to unit	3,733.98
Boggabilla	Storm damage to house	1,887.99
Boggabilla	Storm damage to house	2,039.99
Boggabilla	Storm damage to unit	1,448.98
Boggabilla	Storm damage to house	1,540.49
Gundagai	Fire damage to kitchen	412.50
Quandialla	Break-in damage to door	419.00
Deniliquin	Vandalised fence	935.00
Gullar	Break-in damage to window	347.60
Goolgowi	Water damage to floor coverings	4,183.45
Bingara	Damage to door	365.00
Gulargambone	Vandalised window	369.60
Kirkton	Storm damage to roof, carpet	17,609.70
Dunedoo	Water damage to ceiling	665.00
Wilcania	Break-in damage to door	2,400.00
Lightning Ridge	Water damage to ceiling	800.80
Lightning Ridge	Water damage to ceiling	904.20
Deniliquin	Water damage to carpet	456.50
Broken Hill	Storm damage to ceiling	3,800.00
Crookwell	Storm damage to window, roof	3,192.35
Crookwell	Storm damage to antenna	484.00
Buronga	Damage to window	392.70
Whian Whian	Fire damage to house	10,495.19
Bourke	Water damage to ceiling	2,562.80
Tumut	Storm damage to window	682.00
Wee Waa	Break in damage to window	368.50
Deniliquin	Storm damage to carpet, roof	2,157.00
Moree	Vandalised damage to window, door	554.50
Dareton	Vandalised damage to window, door	404.95
TOTAL		195,126.29

Appendix 8

Responsibilities to Stakeholders

Responsibility	Stakeholder	Application
1. The provision of an economic, effective and efficient housing service where the private rental market does not meet teachers needs.	Members of the Education Teaching Service (Teachers and other employees of the DET and TAFE NSW)	<p>Review business performance, where necessary measuring it against relevant indicators.</p> <p>Conduct periodic business process reviews, audits and customer surveys.</p> <p>Review alternative rental accommodation in the relevant communities.</p> <p>Ensure managing agents are accessible, responsive, and suitably empowered to act on behalf of the THA.</p> <p>Support locally appointed housing representatives to represent and liaise with tenants, agents and the THA.</p> <p>Review the THA's Total Asset Management plan so as the desired service levels and business objectives are supported by appropriate assets; including the acquisition, maintenance and disposal of assets as addressed in the THA's Business Plan and Statement of Business Intent.</p>
2. Significant matters relating to the housing of teacher and non-teachers tenants are referred for consideration.	Minister for Commerce	Submission of the Business Plan and Statement of Business Intent.
3. Contentiousness or politically sensitive issues that may impact upon the government are advised in a timely manner.	Minister for Commerce	<p>Ensure the THA has a robust policy framework in place so as issues are suitably addressed as they arise.</p> <p>Be aware of the DET's & TAFE NSW's policies and objectives so as such issues are appropriately advised and/or responded to.</p>
3.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences are met.		
4. Support for achieving the educational aims of the DET and TAFE NSW, with the provision of quality housing as an incentive to attract and retain teachers to localities in rural NSW.	Department of Education and Training and TAFE NSW	<p>Ensure the THA liaise with DET staffing services on accommodation needs, local issues, emerging demographics and other relevant topics.</p> <p>Conduct customer surveys on the adequacy of the THA's service to Members of the Education Teaching Service.</p>
5. Liaise with the DET on THA policy matters that may impact on the ability of the department to adequately staff schools and TAFE colleges in rural NSW.	Department of Education and Training and TAFE NSW	In conjunction with designated housing representatives review and identify locations where the expenditure of major expenditure may be necessary.

table continued on next page

Responsibility	Stakeholder	Application
6. A response to representatives on behalf of their constituents in a timely manner.	Members of Parliament	Ensure the THA has a robust policy framework in place so as issues are suitably addresses as they arise. Be aware of the DET's & TAFE NSW's policies and objectives so as such issues are appropriately advised and/or responded to.
7. The development and implication of a financially sound Business Plan and Statement of Business Intent.	NSW Treasury	Review the Business Plan and Statement of Business Intent in light of the THA's objectives, scope of operations, strategic direction, financial & non financial targets and impacts of risk assessments.
8. Adherence to all financial policies and procedures required of government.	NSW Treasury Department of Services, Technology and Administration	Preparation and presentation of annual audited financial statements. Preparation and presentation of a Business Plan and Statement of Business Intent. Liaison on various preliminary and mini budgets. Respond to requests for information in a timely manner. Adhere to various policies, guidelines and other matters as circulated. Preparation and presentation of the annual report.
9. Contentiousness or politically sensitive issues that may impact upon the government are advised in a timely manner.	Department of Premier and Cabinet	Adhere to all policies and procedures required of governmental agencies. Respond to requests for information in a timely manner.
9.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences etc are met.	Department of Services Technology and Administration	Review the impact of governmental policy on the THA's business. Preparation and submission of the THA's annual report.
9.ii. Operate within the broad governmental framework of NSW.	Department of Education and Training	
10. Provide an organisation that engenders a learning and continuous improvement culture.	Staff of the THA	Review operational and strategic HR issues in light of legislative issues and the boarder governmental framework. Review the business plan in consideration of internal capabilities in an effort to align an employee's needs with those of the THA.
11. The THA be appropriately resourced to deliver an effective and efficient housing service to teachers.	Staff of the THA	Ensure the THA's objectives are met by appropriately training and qualified employees.
12. Access to quality education for all NSW children.	Students and parents	The provision of quality housing service to teachers in rural and remote NSW where the private rental market does not meet their needs.
13. The rights of the members of the community who rent THA accommodation (in the absence of teacher demand).	The wider community	Compliance with various legislations in particular the NSW residential tenancy legislation.

Financial Statements

For the Year Ended 30 June 2010

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Statement By Members

Pursuant to the *Public Finance and Audit Act 1983*, we declare on behalf of the Teacher Housing Authority of New South Wales that in our opinion:

- (i) The accompanying financial statements exhibit a true and fair view of the financial position of the Teacher Housing Authority of New South Wales as at 30 June 2010 and the transactions for the year ended; and
- (ii) The statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

Further, we are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Peter Duncan
Chair



Philip Shelley
General Manager

15 October 2010



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT
TEACHER HOUSING AUTHORITY OF NEW SOUTH WALES

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Teacher Housing Authority of New South Wales (the Authority), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Authority as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

The Board's Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

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

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

19 October 2010
SYDNEY

[Start of Audited Financial Statements]

Statement of Comprehensive Income

For the Year Ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
REVENUES			
Rental Income	2	9,782	9,602
Investment Income		343	313
Other Income		198	101
State Government Contribution	3	5,370	5,265
TOTAL REVENUES		15,693	15,281
EXPENSES			
Property Maintenance	4	6,900	6,904
Property Rates	5	1,793	1,645
Personnel Services Expense	6	2,204	2,345
Other Administration Expenses	7	2,170	1,989
Depreciation	10(a)	2,939	2,793
TOTAL EXPENSES		16,006	15,676
Gain/(Loss) on Disposal of Non-Current Assets	10(b)	(454)	8
Deficit for the Year		767	387
OTHER COMPREHENSIVE INCOME			
Net revaluation increment / (decrement) in property, plant and equipment			
Asset Revaluation Reserve	10(a)	1,666	3,701
OTHER COMPREHENSIVE INCOME FOR THE YEAR		1,666	3,701
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		899	3,314

[The accompanying notes form part of these statements]

Statement of Changes in Equity

For the Year Ended 30 June 2010

	Note	Accumulated funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance as at 1 July 2009		73,929	74,044	147,973
Deficit for the year		767	0	767
Other comprehensive income:				
Net revaluation increment / (decrement) in property, plant and equipment	10(a)	0	1,666	1,666
Transfer from Asset Revaluation Reserve		466	(466)	0
Total other comprehensive income		466	1,200	1,666
Total comprehensive income for the year		(301)	1,200	899
Balance as at 30 June 2010		73,628	75,244	148,872
Balance as at 1 July 2008		74,132	70,527	144,659
Deficit for the year		387	0	387
Other comprehensive income:				
Net revaluation increment / (decrement) in property, plant and equipment	10(a)	0	3,701	3,701
Transfer from Asset Revaluation Reserve		184	(184)	0
Total other comprehensive income		184	3,517	3,701
Total comprehensive income for the year		(203)	3,517	3,314
Balance as at 30 June 2009		73,929	74,044	147,973

[The accompanying notes form part of these statements]

Statement of Financial Position

As at 30 June 2010

	Note	2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	8	6,868	7,039
Receivables	9	462	425
Total Current Assets		7,330	7,464
Non-Current Assets			
Property, Plant and Equipment	10(a)	146,036	145,192
Personnel Services – Prepaid Superannuation	9(b)	46	66
Total Non-Current Assets		146,082	145,258
TOTAL ASSETS		153,412	152,722
LIABILITIES			
Current Liabilities			
Payables	11	3,578	3,869
Provisions – Personnel Services	13	433	535
Other	11(b)	15	45
Total Current Liabilities		4,026	4,449
Non-Current Liabilities			
Provisions – Personnel Services	13	514	300
Total Non-Current Liabilities		514	300
TOTAL LIABILITIES		4,540	4,749
NET ASSETS		148,872	147,973
Equity			
Accumulated Funds		73,628	73,929
Reserves		75,244	74,044
TOTAL EQUITY		148,872	147,973

[The accompanying notes form part of these statements]

Statement of Cash Flows

For the Year Ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities			
Payments			
Property and Administration		(10,816)	(10,472)
Personnel Services Expense		(2,072)	(2,331)
Total Payments		(12,888)	(12,803)
Receipts			
Rental Income		9,745	9,602
Investment Income		343	313
Other Income		198	101
Total Receipts		10,286	10,016
Cash Flows from Government			
State Government Contribution	3	5,370	5,265
Department of Education and Training Capital Contribution	11(a)	600	4,361
Department of Education and Training Capital Payments	11(a)	(968)	(1,189)
Net Cash Flows from Government		5,002	8,437
Net Cash Flows From Operating Activities	15	2,400	5,650
Cash Flows from Investing Activities			
Purchases of Non-Current Assets	10	(3,005)	(3,676)
Proceeds from Disposal of Non-Current Assets	10(b)	434	298
Net Cash Used in Investing Activities		(2,571)	(3,378)
Net Increase/(Decrease) in Cash		(171)	2,272
OPENING CASH AND CASH EQUIVALENTS		7,039	4,767
CLOSING CASH AND CASH EQUIVALENTS	8	6,868	7,039

[The accompanying notes form part of these statements]

Notes

Accompanying and Forming Part of the Financial Statements For the Year Ended 30 June 2010

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Teacher Housing Authority of NSW, as a reporting entity, is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The Authority is consolidated as part of the NSW Total State Sector Accounts. The financial statements were authorised by the Board on 15 October 2010.

(b) Basis of Preparation

The Authority's financial statements are a general purpose financial statements which has been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2010.

Except for investments, which are recorded at market value and property, plant and equipment, which are recorded at fair value, the financial statements are prepared in accordance with historical cost convention.

Judgements, key assumptions and estimations made by the Authority's management are disclosed in the relevant notes to the financial statements.

(c) Statement of Compliance

The Authority's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable.

Investment income, including interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: *Recognition and Measurement*.

(e) Personnel Services and other provisions

The Authority receives personnel services from the Department of Services Technology and Administration (DSTA). The Department is not a Special Purpose Service Entity and does not control the Authority under this arrangement.

A current and non-current liability (liability to DSTA) includes provisions for all personnel services related entitlements.

(f) Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past claim experience.

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

The Authority is classified as a full input-taxed entity as all core-business revenues are generated from input-taxed supplies. Accordingly, all expenses, assets and payables relating to these supplies are recognised inclusive of GST.

(h) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Authority. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(i) Capitalisation Thresholds

Plant and equipment and intangible assets costing \$5,000 and above individually, are capitalised.

(j) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market prices for the same or similar assets.

Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Authority revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. A market review by

region was completed by an independent valuer resulting in forecast indices that provided a portfolio escalation for 2010.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus / deficit, the increment is recognised immediately as revenue in the surplus / deficit.

Revaluation decrements are recognised immediately as expenses in the surplus / deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to retained earnings.

(k) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Authority is effectively exempted from AASB 136 *Impairment of Assets* and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(l) Depreciation of Property Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. The rates determined for the 2010 financial year are:

(i) Office Furniture and Equipment	20.0%
(ii) Office Furniture and Equipment – Computer Equipment	33.3%
(iii) Office Refurbishment	20.0%
(iv) Buildings	2.5%

(m) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(n) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

(o) Investments

Investments are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs.

The Authority determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(p) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Statement of Comprehensive Income.

Any reversals of impairment losses are reversed through the Statement of Comprehensive Income, where there is objective evidence.

(q) Payables

These amounts represent liabilities for goods and services provided to the Authority and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(r) Remuneration of Authority Members

Section 7(1)(c) of the *Teacher Housing Authority Act, 1975* provides for the appointment of a member to manage the Authority's activities. This member is appointed under the *Public Sector Employment and Management Act, 2002* and remuneration is in accordance with determinations of the Industrial Authority. No remuneration is paid to members of the Authority.

(s) New Australian Accounting Standards issued but not effective

At the reporting date, the following new Accounting Standards (which include Australian Accounting Interpretations) have not been applied and are not yet effective as per Treasury mandate:

- AASB 9 and AASB 2009-11 regarding financial instruments
- AASB 2009-5 regarding annual improvements
- AASB 2009-9 regarding first time adoption
- AASB 124 and AASB 2009-12 regarding related party transactions
- AASB 2009-14 regarding prepayments of a minimum funding requirement
- AASB 2010-1 regarding AASB 7 comparatives for first time adopters.

2. Rental Revenue

The Authority's tenants are charged full market rental in accordance with government policy.

Rental Income comprise:	2010 \$'000	2009 \$'000
Gross Rental Income	9,782	9,602
Total Rental Income	9,782	9,602

3. State Government Contribution

Rental and investment income is sufficient to fund a portion of the Authority's operating and capital costs. However, the Authority is dependent on continued subsidisation from the State Government to fund the balance of these costs.

State Government Contribution comprise:	2010 \$'000	2009 \$'000
State Government Contribution	5,370	5,265
Total State Government Contribution	5,370	5,265

4. Property Maintenance

Property Maintenance Expenses comprise:	2010 \$'000	2009 \$'000
Plumbing	496	560
Electrical	218	261
General Maintenance	1,395	1,130
Ground / Yard Maintenance	779	734
Air Cooling Installation and Maintenance	764	309
Air Conditioners & Fans	591	0
Furnishings, Fixtures and Fittings	835	943
Property Refurbishment	1,589	2,492
Other Maintenance	233	475
Total Property Maintenance Expenses	6,900	6,904

5. Property Rates

Property Rates comprise:	2010 \$'000	2009 \$'000
Annual Rates	1,465	1,366
Water Rates	276	235
Other	52	44
Total Property Rates	1,793	1,645

6. Personnel Services

Personnel services are acquired from the Department of Services Technology and Administration comprise of:

Personnel Services comprise:	2010 \$'000	2009 \$'000
Salaries and Wages	1,408	1,378
Recreation Leave	111	101
Long Service Leave	48	73
Superannuation	327	491
Total	1,894	2,043
Other Personnel Services Expense	310	302
Total Personnel Services Expense	2,204	2,345

7. Other Administration Expenses

Other Administration Expenses comprise:	2010 \$'000	2009 \$'000
Audit Fees – Audit of the Financial Statements	51	51
Audit Fees – Other	12	52
Consultants	88	92
Office Lease Expense	211	196
Insurance	278	236
Property Valuations	74	78
Property Management Fees	841	745
Computer Systems Development	118	108
Office Equipment Maintenance Contracts	27	22
Conferences	25	9
Travel Expenses	92	102
Admin Support Services	60	17
Admin Cost – Outsourcing	50	54
Annual Report	24	16
Staff Development	22	17
Printing & Stationery	31	49
Office Furniture & Equipment (Minor)	22	9
Crown Land Rent	20	18
Telephone Expenses	24	29
Allowance for Impairment [Note 9(a)]	25	14
Other General Administration	75	75
Total Other Administration Expenses	2,170	1,989

8. Cash and Cash Equivalents

The Authority utilises the NSW Treasury Corporation (TCorp) Hour Glass Cash Facility Trust for the investment of surplus cash. Investments are classified as current assets due to the nature of the Authority's short term cash flow requirements in meeting operational and capital expenditure.

The Treasury Corporation Hour Glass Facilities trusts are funds management investments and consequently, investments are recorded at market value.

Cash and Cash Equivalents comprise:	2010 \$'000	2009 \$'000
Cash on Hand	1	1
Cash at Bank	68	195
Investments	6,799	6,843
Total Cash and Cash Equivalents at 30 June	6,868	7,039
Represented in the Statement of Financial Position as:		
Current Assets – Cash and Cash Equivalents	6,868	7,039
Total Cash and Cash Equivalents at 30 June	6,868	7,039

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

9. Receivables

Receivables comprise:	2010 \$'000	2009 \$'000
Current:		
Rental Debtors	315	279
Allowance for Impairment [Note 9(a)]	(52)	(33)
Tenancy Liaison Service Agent Advances	184	157
Other Debtors	15	22
Total Receivables	462	425

(a) Allowance for Impairment

Allowance for Impairment – movement	2010 \$'000	2009 \$'000
Opening Allowance at 1 July	33	38
Debts Written Off [Note 14]	(6)	(19)
New Allowance Transferred In/(Out)	25	14
Closing Allowance at 30 June	52	33

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

(b) Personnel Services – Prepaid Superannuation (Asset)

Personnel Services – Prepaid Superannuation movement	2010 \$'000	2009 \$'000
Non-Current:		
Balance at 1 July	66	0
Increase/(Decrease) in Superannuation Asset	(20)	66
Personnel Services – Prepaid Superannuation (Asset) at 30 June	46	66
Represented in the Statement of Financial Position		
Non-Current Asset – Personnel Services – Prepaid Superannuation	46	66
Personnel Services – Prepaid Superannuation (Asset) at 30 June	46	66

10. Land and Buildings, Office Furniture and Equipment & Office Refurbishment

(a) Movement – \$'000	Land and Buildings	Office Furniture & Equipment	Office Refurbishment	2010 Total \$'000	2009 Total \$'000
At Fair Value					
Net Carrying Amount at Beginning of Year	145,129	63	0	145,192	140,901
Work-in-Progress	473	0	0	473	1,343
Additions	2,472	50	10	2,532	2,333
Disposals	(888)	0	0	(888)	(292)
Net Revaluation Increments/ (Decrements)	1,666	0	0	1,666	3,701
Depreciation Expenses	(2,894)	(44)	(1)	(2,939)	(2,794)
Fair Value at End of Year	145,958	69	9	146,036	145,192
Gross Carrying Amount 30 June 2010	145,958	337	194	146,489	
Accumulated Depreciation	0	(268)	(185)	(453)	
Fair Value	145,958	69	9	146,036	
Gross Carrying Amount 30 June 2009	145,129	287	184	145,600	
Accumulated Depreciation	0	(224)	(184)	(408)	
Fair Value	145,129	63	0	145,192	

A market review by region was completed by an independent valuer resulting in forecast indices that provided a portfolio escalation for 2010. Other revaluation increments/decrements in 2010 resulted from completions and transfers of land and buildings from work in progress during the year. Work in Progress included in the fair value was \$0.473m in 2010 and \$1.343m in 2009.

(b) Disposals \$'000	Land and Buildings	Office Furniture & Equipment	2010 Total \$'000	2009 Total \$'000
Gross Proceeds	456	0	456	312
Written Down Value	(888)	0	(888)	(292)
Disposal Costs	(22)	0	(22)	(12)
Gain/(Loss) on Disposal	(454)	0	(454)	8

11. Payables

Payables comprise:	2010 \$'000	2009 \$'000
Prepayments by tenants	15	9
Other Creditors and Accruals	809	738
Department of Education and Training [Note 11(a)]	2,754	3,122
Total Payables	3,578	3,869

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

(a) Department of Education and Training

As part of its corporate activities, the Authority manages school residences on behalf of the Department of Education and Training. While contingent maintenance expenditure on these dwellings is met by the Authority, the Department provides full funding, on a Trust basis, for all capital refurbishment expenditure. The balance of this funding at the end of each reporting period is reflected in the Statement of Financial Position within Receivables or Payables. In 2009 an additional \$3.761m was received from the Department for refurbishment works on ageing school residences.

Department of Education and Training School Residence Refurbishment Account – movement	2010 \$'000	2009 \$'000
Opening Creditor/(Debtor) at 1 July	3,122	(50)
Plus Capital Grant Received	600	4,361
Less Capital Refurbishment Expenditure	(968)	(1,189)
Closing Creditor/(Debtor) at 30 June	2,754	3,122

(b) Other Payables – Rent Incentive Liability

During 2004, the Authority entered into an agreement with Investa Properties Limited, which included a lease incentive in the form of a rent free period from 1 January 2005 to 28 February 2006 on office accommodation at Level 14, 31 Market Street Sydney. This lease incentive is recognised under Interpretation 115 Operating Leases – Incentives.

Other Payables Rent Incentive Liability	2010 \$'000	2009 \$'000
Rent Incentive Liability	15	45
Total Other Payables	15	45

12. Commitments

The Authority is classified as a fully input-taxed entity. As such, the Authority is not eligible to claim input tax credits from the Australian Taxation Office for any Goods and Services Tax (GST) paid on taxable acquisitions. Any GST paid on such acquisitions is accounted for as part of the cost of that acquisition and expensed or capitalised accordingly. Where applicable, the following commitments for expenditure on goods or services include the GST payable.

(a) Operating Lease Commitments

The Authority holds a non-cancellable operating lease agreement with Investa Properties Limited over office lease premises at Level 14, St Martins Tower, 31 Market Street, Sydney. During 2004, the agreement was renewed for a term of six years commencing 1 January 2005 with a renewal option from 1 January 2011, which remains unexercised as at 30 June 2010. The expenditure commitments for the minimum lease payments over the remaining terms of this lease are:

	2010 \$'000	2009 \$'000
Office Lease Commitments		
Payable within one year	120	240
Payable between two and five years	0	120
Payable after five years	0	0
Total Office Lease Commitments	120	360

(b) Other Operating Commitments – Property Maintenance

Expenditure commitments for property maintenance arise from contracts entered into for the provision of contingent maintenance and programmed maintenance for dwellings included within the Authority's annual Property Refurbishment Program. The amount contracted for at balance date but not recognised in the accounts as a liability is:

	2010 \$'000	2009 \$'000
Property Maintenance Commitments		
Payable within one year	3,247	974
Total Property Maintenance Commitments	3,247	974

(c) Capital Commitments

Capital expenditure commitments arise from contracts entered into for the construction, acquisition and upgrading of dwellings included within the Authority's Capital Program. The amount contracted for at balance date but not recognised in the accounts as a liability is:

	2010 \$'000	2009 \$'000
Capital Commitments		
Payable within one year	2,469	2,048
Total Capital Commitments	2,469	2,048

13. Provisions

A current and non-current liability to the Department of Services Technology and Administration (DSTA) includes provisions for all personnel services related entitlements.

	2010 \$'000	2009 \$'000
Personnel Services Liability – movement		
Balance at 1 July	835	532
Increase/(Decrease) in liability to DSTA	112	303
Personnel Services Liability at 30 June	947	835
Represented in the Statement of Financial Position		
Current Liability to DSTA	433	535
Non-Current Liability to DSTA	514	300
Personnel Services Liability at 30 June	947	835
Aggregate Personnel Services Liability – dissection		
	2010 \$'000	2009 \$'000
Recreation Leave (Current Liability)	144	135
Conditional Long Service Leave (Non-Current Liability)	21	0
Unconditional Long Service Leave (Current Liability)	289	400
Personnel Services – Unfunded Superannuation (Non-Current Liability)	493	300
Aggregate Personnel Services Liability at 30 June	947	835

The value of Recreation Leave and associated on-costs expected to be taken within 12 months is \$141,369 and after 12 months is \$2,624. The Authority has a proactive Recreation Leave management program, whereby all staff is encouraged to take their full entitlement each year.

The value of Long Service Leave and associated on-costs expected to be taken within 12 months is \$37,710 and after 12 months is \$272,088.

14. Debts Written Off

	2010 \$'000	2009 \$'000
Debts Written Off comprise:		
Uncollectable rental account debts [Note 9(a)]	6	19
Total Debts Written Off	6	19

All possible action was taken to recover these debts before authority was obtained for write-off action.

15. Reconciliation of Net Cash Flow from Operating Activities to Operating Deficit

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and investments readily convertible to cash. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled at Note 8.

Reconciliation of Cash Flow from Operating Activities to Operating Deficit as reported in the Statement of Comprehensive Income	2010 \$'000	2009 \$'000
Operating Deficit	767	387
Non Cash Expenses/(Revenues):		
Depreciation	2,939	2,793
Loss/(Gain) on Disposal of Non-Current Assets	454	(8)
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Payables and other liabilities	(321)	2,910
Decrease/(Increase) in Receivables	(17)	39
Increase/(Decrease) in Provisions	112	303
Net Cash Flow from Operating Activities	2,400	5,650

16. Financial Instruments

The Authority's principal financial instruments are outlined below. These financial instruments arise directly from the Authority's operations or are required to finance the Authority's operations. The Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Authority's main risks arising from financial instruments are outlined below, together with the Authority's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Authority's management on a continuous basis.

(a) Financial Instrument Categories

Financial Assets Class:	Note	Category	Carrying Amount	
			2010 \$'000	2009 \$'000
Cash and cash equivalents	8	N/A	6,868	7,039
Receivables ⁽¹⁾	9	Loans and Receivables (at amortised cost)	462	425
<hr/>				
Financial Liabilities Class:	Note	Category	Carrying Amount	
			2010 \$'000	2009 \$'000
Payables ⁽²⁾	11	Financial liabilities measured at amortised cost	642	365

Notes:

1. Excludes statutory receivables and prepayments (ie not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (ie not within scope of AASB 7).

(b) Credit Risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables, and authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at a commercial rate determined by the bank. The TCorp Hour Glass Cash facility is discussed in paragraph (d) below.

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2010: \$253K; 2009: \$358K) and not more than 3 months past due (2010:\$85K; 2009:\$14K) are not considered impaired and together these represent 73% of the total trade debtors. The Authority debtors represent a large number of individual teachers whose particular credit rating will vary and are unknown to the Authority. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the Statement of Financial Position.

2010 (\$'000)	Total	Past due but not impaired	Considered impaired
<3 months overdue	85	85	–
3 months – 6 months overdue	52	0	52
>6 months overdue	–	–	–
2009 (\$'000)			
<3 months overdue	14	14	–
3 months – 6 months overdue	33	0	33
>6 months overdue	–	–	–

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7. Therefore, the total will not reconcile to the receivables total recognised in the Statement of Financial Position.

(c) Liquidity Risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

The table below summarises the maturity profile of the Authority's financial liabilities together with the interest rate exposure.

	Weighted Average Effective Interest Rate	Nominal Amount ⁽¹⁾ (\$'000)	Interest Rate Exposure (\$'000)			Maturity Dates
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	<1 yr
2010						
Payables:	–	642	–	–	642	642
2009						
Payables:	–	365	–	–	365	365

Note:

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the Statement of Financial Position.

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposure to market risk is primarily through price risks associated with the movement in the unit price of the TCorp Hour Glass Investment facilities. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk and other price risk. The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

Interest rate risk

The Authority has a minimal exposure to interest rate risk from its holdings in interest bearing financial assets. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

	(\$'000)				
	Carrying Amount	-1%		+1%	
		Result	Equity	Result	Equity
2010					
Financial assets					
Cash and cash equivalents	6,868	(68)	(68)	68	68
Receivables	462	-	-	-	-
Financial liabilities					
Payables	642	-	-	-	-
2009					
Financial assets					
Cash and cash equivalents	7,039	(59)	(59)	59	59
Receivables	425	-	-	-	-
Financial liabilities					
Payables	365	-	-	-	-

Other price risk – TCorp Hour Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. The Authority has no direct equity investments. The Authority holds units in the following Hour Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2010 \$'000	2009 \$'000
Cash facility	Cash, Australian money market instruments	Up to 1.5 years (Pre-June 2009 up to 2 years)	1,754	6,843
Strategic Cash Facility	Cash, Australian money market instruments	1.5 – 3 years	5,045	N/A

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour Glass facilities limits the Authority's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on result (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour Glass statement).

Facility	Impact on result		
	Change in unit price	2010 \$'000	2009 \$'000
Hour Glass Investment – Cash Facility	+/- 1%	+/- 18	+/- 68
Hour Glass Investment – Strategic Cash Facility	+/- 1%	+/- 50	N/A

(e) Fair Value

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. As discussed, the value of the Hour Glass Investments is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of many of the financial instruments.

The Authority uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets / liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset / liability not based on observable market data (unobservable inputs)

	Level 2 \$'000
Financial assets at fair value	
TCorp Hour-Glass Investment Facility	
(i) Cash Facility	\$1,754
(ii) Strategic Cash Facility	\$5,045
TOTAL	\$6,799

The table above only includes financial assets, as no financial liabilities were measured at fair value in the Statement of Financial Position. There were no transfers between level 1 and 2 during the period ended 30 June 2010.

17. Contingent Liability

The Authority is unaware of any significant contingent liabilities as at 30 June 2010 (nil in June 2009).

18. After Balance Date Events

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

[End of Audited Financial Statements]

Access to Services

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QVB POST SHOP NSW 1230

Key Telephone Numbers:

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Toll Free	1300 137 343
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General Manager	(02) 9260 2001
Manager Strategy & Finance	(02) 9260 2002
Business Strategy Analyst	(02) 9260 2003
Financial Accountant	(02) 9260 2019
Executive Officer	(02) 9260 2020
Manager Tenancy Services	(02) 9260 2011
Asset Manager	(02) 9260 2022

Tenancy Service Areas

Northern NSW & Illawarra	(02) 9260 2018
Riverina	(02) 9260 2014
Central Western	(02) 9260 2012
North Western (Bourke/Orange)	(02) 9260 2013

Building Services (Assets)

Technical Officer (North)	(02) 9260 2024
Technical Officer (South)	(02) 9260 2005
Contracts Admin Officer	(02) 9260 2025
Maintenance Officer (Contingent)	(02) 9260 2010

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Teacher
Housing

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