

TEACHER HOUSING AUTHORITY OF NEW SOUTH WALES

ANNUAL REPORT 2004–05



The Hon C M Tebbutt MP
Minister for Education and Training
Level 33 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Minister

On behalf of the Teacher Housing Authority of New South Wales, we take pleasure in presenting the following report on the Authority's activities for the year ending 30 June 2005 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



Mike Cush
Chair
28 October 2005



Craig de Plater
General Manager

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 Authority's key result areas are:

- :: Tenancy Management
- :: Asset Management
- :: Financial Management
- :: Operational Management

GOALS

The Authority's goals are to provide a:

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

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CHARTER

The Teacher Housing Authority of New South Wales is a statutory corporation constituted under the Teacher Housing Authority Act 1975 as amended. The Authority operates under the direction of the Minister for Education and Training.

Under the Act, the principal object of the Authority is to provide and maintain suitable and adequate housing accommodation for teachers. The Authority 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 in rural 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 2004-05

- :: Undertook a major review of the Housing Eligibility and Allocation Policy
- :: Introduced a rental bond for teachers
- :: Developed benchmarks for THA services
- :: Reviewed the THA Tenant Handbook
- :: Completed construction or acquisition of 10 dwellings
- :: Commenced construction of 13 dwellings
- :: Undertook major refurbishment of 63 dwellings
- :: Converted 29 villa unit carports into lockable garages
- :: Established 703 tenancies

FOCUS FOR 2005-06

In 2005-06, the THA will concentrate resources on:

- :: implementing capital and asset disposal programs that are cost effective and responsive to the demands for teacher accommodation throughout the State;
- :: undertaking major refurbishment of dwellings, so that tenants' expectations in relation to standards of accommodation are met;
- :: ensuring the provision of effective tenancy management services; and
- :: maintaining financial management strategies that ensure the continued viability of the Authority.



1 x 4 bedroom house constructed in Walgett during the year

CHAIR'S REPORT

This report covers the twenty-ninth year of the operations of the Teacher Housing Authority of NSW. Since its establishment in 1975, the Authority has succeeded in developing a high standard of accommodation and service for teachers who work in country areas, particularly remote localities.

The availability of suitable housing is an incentive for teachers to live and work in the country. This means the services of the Authority are essential to the staffing of many schools and colleges, particularly in towns that do not have a private rental market or the supply of suitable residential accommodation is inadequate.

A new Corporate Plan for the period 2005-2007 was adopted by the Authority in December 2004. The Plan continues the emphasis of previous plans on providing quality service to tenants, establishes the immediate and longer term strategic directions of the Authority and provides a systematic basis for measuring performance against stated objectives.

During the year, the Authority acquired or constructed 10 new dwellings to meet the demand for additional teacher housing and to replace properties no longer suitable for use by teachers. As in previous years, these works were funded entirely from operational income and the sale of surplus or unserviceable assets.

THA Board meetings in Griffith and Lightning Ridge continued the practice of holding two meetings each year in a country location. As well as being an important way of ensuring the Board remains responsive and aware of the housing needs of teachers, the visits provided members with a valuable opportunity to inspect properties and to meet and discuss the housing service with school principals and teachers.

After an extensive consultation process involving teacher tenants, the NSW Teachers Federation and the Department of Education and Training, the THA successfully implemented a new *Rental Bond Policy* on 1 May 2005. This is an important initiative as the policy, which applies to all new tenancies, is expected to have a significant impact on the attitude of tenants towards THA accommodation. It also brings the Authority into line with arrangements that currently apply in the private sector.

Provisions of the policy include the capacity to pay the bond by instalments and to receive a discount for paying the bond in a lump sum. At this stage, the THA is not aware of any situation where the bond arrangement has precluded a teacher from taking up an appointment or occupying a THA dwelling.

The *Housing Eligibility and Allocation Policy* was reviewed during the year after extensive consultation. The review confirmed the fundamental principle of maximising the use of available accommodation. It also resulted in changes to priorities for one bedroom villa units, introduced sanctions against some applicants for housing and gave the General Manager greater discretion in applying the policy.

I would like to thank the other members of the THA Board for their continued and valued support during the year. I also extend my appreciation to the Authority's management team and staff for their efforts, loyalty and enthusiasm. Their commitment to quality service ensures that teachers who live and work in rural communities will continue to have access to quality housing.



Mike Cush
Chair

BOARD MEMBERSHIP

The Board of the Authority has six members. Four members are appointed by the Governor and two 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 the TAFE Commission; 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. The term of office for the current appointed members expires on 31 December 2006.

Of the ex-officio members, one is the General Manager, Asset Management, Department of Education and Training, who is also Chair. The other is the General Manager of the Authority.

Under the Teacher Housing Authority Act 1975 (the Act):

- ∴ members are responsible for determining the policies of the Authority and ensuring the activities of the Authority are carried out properly and efficiently; and
- ∴ the General Manager controls and manages the Authority's activities.

MEETINGS

The Board meets on the third Thursday of alternate months. It met on six occasions during the year as follows:

Chair	Mike Cush	6
Deputy Chair	Carol Mills	3
General Manager	Craig de Plater	6
Department of Education and Training Member	Graeme Smith	6
Teacher Member	Jeff Ainsworth	5
TAFE Commission Member	Katrina Jay	6

In order to provide members with the opportunity to inspect properties and meet with school principals and local housing representatives, the Board meets in a country location twice a year. In 2004-05 the Board travelled to Griffith for the October 2004 meeting and Lightning Ridge for the April 2005 meeting.



Mike Cush



Carol Mills



Graeme Smith



Katrina Jay



Jeffery Ainsworth



Craig de Plater

CHAIR (part time)

Mike Cush BE MEngSc
(ex officio)

Mike was appointed as Chair in February 2004. Mike is a Civil Engineer with over 30 years experience in Capital Works. He holds a Masters Degree in Engineering Science.

Mike had a 23 year career with the Department of Main Roads (now RTA) holding various operational positions including Construction, Maintenance and Freeway Construction. Mike was also heavily involved in the development of the NSW Government Capital Project Procurement and Construction Industry reforms at that time.

In 1995 Mike moved to the Department of Public Works and Services.

Since 2003, as General Manager of the Asset Management Directorate in the Department of Education and Training, Mike has been responsible for the planning, construction, maintenance and disposal of the Department's built assets.

DEPUTY CHAIR (part time)

Carol Mills BA (Hons) BEc MPP
Nominee of the Minister for Housing

Carol was appointed Deputy Chair in January 2002. Carol took up her appointment as Deputy Director General of the Department of Ageing, Disability and Home Care (DADHC) in August 2004. Carol's responsibilities include the portfolio areas of Service Development & Planning, Community Access, and the Office for Ageing. In addition, Carol has oversight and management of four DADHC Regions.

Carol has previously held senior executive appointments in the Departments of Education and Training, Housing and Urban Affairs and Planning.

Carol has a background in strategic planning and extensive research experience in the areas of social and economic policy, particularly in urban planning and housing models.

Carol has Bachelors degrees in Arts and Economics, a Master of Public Policy, and postgraduate qualifications from the Australian Graduate School of Management.

DEPARTMENT OF EDUCATION AND TRAINING MEMBER

(part time)

Graeme Smith BA Dip Ed B Legal Studies MEd (Admin)
Nominee of the Director General of Education and Training

Based in Bathurst, Graeme is Manager Country Areas Program, Department of Education and Training. He has been a teacher, school counsellor and administrator in country regions for over 27 years. Graeme was appointed to the Board in April 1996.

TAFE COMMISSION MEMBER (part time)

Katrina Jay BBus (Acc) Dip Ed

Nominee of the Managing Director of the NSW TAFE Commission

Katrina is based in Orange and is currently Manager of the Office of the Institute Director with the Western Institute of TAFE. Prior to her appointment to this position, she held a number of managerial and teaching positions in TAFE Institutes throughout western and northern NSW in the past 13 years. Katrina joined the Board in January 2002.

TEACHER MEMBER (part time)

Jeffery Ainsworth Dip Teach

NSW Teachers Federation Representative

Nominee of the Minister for Education and Training

Jeff was appointed to the Board in October 2000. He is a Regional Organiser with the NSW Teachers Federation based in Wagga Wagga. Jeff taught in country high schools for over 24 years and has been a member of the NSW Teachers Federation State Council for over 20 years.

GENERAL MANAGER (full time)

Craig de Plater BA

(ex officio)

Craig joined the Authority as Operations Manager in November 1990. He acted as General Manager of the Authority prior to his appointment to the position in January 1993.

Previously with the Department of Education and Training, he has extensive administration, property and financial management experience.

KEY RESULT AREAS

TENANCY MANAGEMENT

RENTS

All property leases are administered under the provisions of the Residential Tenancies Act 1987. The Authority charges market rent in line with Government policy.

As an employment arrangement, 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 principals of some remote schools can include reduced rental costs of up to 100% in incentive packages negotiated with the DET under the Rural School Leadership Plan. The DET pays the agreed percentage of the market rent direct to the Authority with the tenant paying the remainder by salary deduction.

Under a contractual arrangement, the Australian Valuation Office (AVO) reviews rents on behalf of the Authority each year. Following the review in respect of rents to apply from 1 May 2005, the AVO recommended no change for 42.3% of tenants, while 0.2% received a rental reduction. The remaining 57.5% experienced a rental increase. To meet the legislative requirements regarding formal notice periods to tenants, the proposed increases will not take effect until 4 July 2005.

RENTAL BONDS

For some time the Authority received complaints from incoming tenants about the condition of dwellings when they took up occupancy. The Authority believed that the absence of a financial incentive to leave dwellings in a clean and habitable condition had a significant influence on the attitude of many teachers to THA accommodation. Consequently, the Board determined that the possibility of introducing a rental bond should be canvassed with all interested parties.

The first step in the consultation process involved a survey of all teacher tenants, with only one in three respondents disagreeing with the introduction of a bond. Secondly, the Authority established a Working Group with representation from teacher tenants and the NSW Teachers Federation to develop a discussion paper for distribution to the Department of Education and Training, local housing representatives and a sample of managing real estate agents. Taking into account the comments received in response to the discussion paper, a rental bond policy was approved by the Board and ratified by the Minister, for implementation on 1 May 2005. At the end of the reporting period, there had been minimal adverse reaction to the policy.

LOCAL HOUSING REPRESENTATIVES

Local housing representatives play an important liaison role between the Authority and tenants. Among other things, they:

- :: recommend tenancy allocations, particularly in relation to proposed sharing arrangements;
- :: advise on local teacher accommodation demand and needs, maintenance and refurbishment requirements, and policy issues;
- :: provide a point of contact for newly appointed teachers; and
- :: assist the Authority in maintaining accurate property records.

These representatives operate in 53 localities throughout NSW.

TENANCY LIAISON SERVICE

Local real estate agents managing the Authority's dwellings under a Tenancy Liaison Service (TLS) arrangement continues to be an important strategy in providing service to tenants. TLS agents are primarily responsible for arranging contingent maintenance, undertaking tenancy inspections and providing general tenancy management advice.

The Authority has 111 management agreements with local agents, encompassing 1437 dwellings (96% of the total housing stock).

Management reviews of 38 TLS agents were undertaken during the year. The review encompassed a check of tenancy documentation held in the THA office, a sample of tenant survey responses and a visit to the agent's offices by an Authority representative. While procedural improvements were identified in respect of each agent, the reviews confirmed that the agents were generally providing a satisfactory service.

HOUSING ELIGIBILITY AND ALLOCATION POLICY REVIEW

A major review of the Housing Eligibility and Allocation Policy was undertaken during the year. The revised policy was developed following an extensive consultation process involving the Department of Education and Training, THA tenants and the NSW Teachers Federation.

The fundamental principle of maximising the use of available accommodation is retained in the revised policy. However, there were some changes which related to:

- :: the priority for allocation of one bedroom villa units;
- :: the inclusion of sanctions precluding the allocation of accommodation to some applicants (e.g. previous tenants who breached the provisions of their tenancy agreement during their earlier occupation of a THA dwelling); and
- :: allowing the General Manager discretion to vary or waive any provision of the policy in exceptional circumstances.

The policy was implemented from 1 November 2004.

TENANT HANDBOOK

The Tenant Handbook, which is issued to every teacher tenant at the start of their tenancy, was revised in February 2005.

The handbook outlines the responsibilities and obligations of both the Authority and the tenant. It addresses many issues including rental determination, maintenance and repairs, policies relating to pet and pest control and action to be taken when vacating the dwelling. A review of the handbook is undertaken biennially.

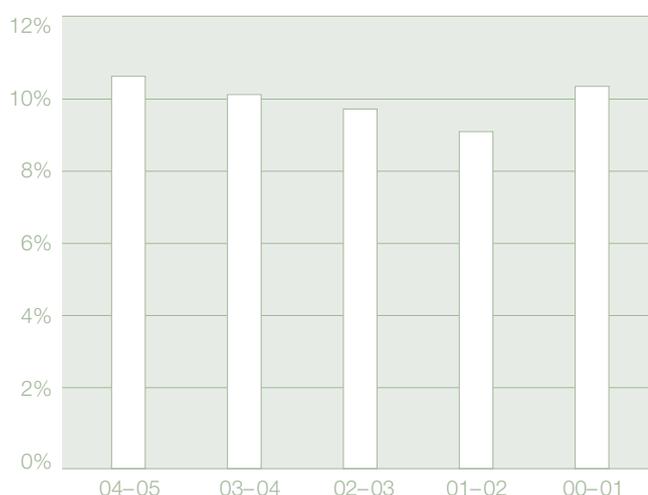
VACANCY RATE

The annual dwelling vacancy rate averaged 10.5%. However, this figure is inflated by factors such as:

- :: the large number of teachers who transfer from schools and vacate their dwellings over the summer vacation (the vacancy rate in January 2005 was 16.1%);
- :: the difficulty in attracting good tenants to school residences that are not required by teaching staff and are situated in isolated localities;
- :: the need to leave some dwellings vacant pending disposal action; and
- :: the number of dwellings that are held vacant for teachers (sometimes for lengthy periods), following advice from the Department of Education and Training that an appointment to a school in the locality is imminent.

To offset these factors, the Authority encourages managing agents to actively seek private tenants for dwellings not required by teachers. The graph below compares the average annual vacancy rate between 2000-01 and 2004-05.

AVERAGE ANNUAL VACANCY RATE



MARKETING THA SERVICES

As part of the strategy to raise the awareness of potential tenants to the services provided by the Authority, the Director Business Operations presented a session to a Beginning Teachers Conference in Lightning Ridge, organised by the NSW Teachers Federation during May 2005. The response from participants was very positive.

HOUSING DEMAND

At April 2005, there were 168 applications for housing in the Authority designated as "unsatisfied". The following statistics should be noted, however, in relation to those applications:

- :: 56 applications (33%) are from teachers who reside in private accommodation in the town they teach and have applied for a THA dwelling to satisfy the Department of Education and Training's requirements for obtaining a rental subsidy;
- :: 27 applicants (16%) are already housed in THA accommodation in the town they have been appointed to and wish to relocate to another THA dwelling in that locality; and
- :: many of the 62 longer term applicants (37%) have indicated they are not willing to share accommodation. Consequently, in terms of the Authority's allocation policy, their chance of securing a THA dwelling is diminished.

ASSET MANAGEMENT

CONSTRUCTION AND ACQUISITION OF DWELLINGS

The Capital Program is focused on providing accommodation in the more isolated regions of the State where the private rental market does not adequately meet the needs of teachers. The program is funded from operational income and proceeds from the sale of surplus assets.

During the year, four houses and six villa units were constructed or acquired (see list at Appendix 1 on page 22). Work in progress at the end of the year included one house and 12 villa units (see list at Appendix 2 on page 22).

At 30 June 2005 the Authority's property portfolio consisted of 1499 dwellings, comprising 832 houses (including 281 school residences) and 667 villa units.

LAND PURCHASES

The Authority purchased four allotments of vacant land in Bourke (2), Brewarrina and Goodooga at a total cost of \$105,783.

This land will meet construction needs as identified in the Capital Program.

PROJECT MANAGEMENT

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

The PCM Manual, which facilitates consistency in documentation and outlines service expectations of PCMs, was reviewed during the year. The manual is provided to PCMs in electronic form.

REFURBISHMENT AND MAINTENANCE

Programmed refurbishment remains a key strategy in providing a good standard of accommodation for teachers. Major refurbishment was undertaken on 63 dwellings at a cost of \$1.549m.

This was the second year of a five year program to convert existing villa unit carports to garages in a number of localities identified as high security risk areas. Work was completed on 29 dwellings in Walgett at a cost of \$275,000. Action commenced for the conversion of carports in 20 villa units in Lightning Ridge at an estimated cost of \$254,000.

Local real estate agents are engaged to arrange contingent maintenance and repairs to Authority dwellings. During the year, expenditure of \$3.117m was incurred on contingent maintenance items.

ASSET DISPOSAL

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

Disposal of surplus properties is primarily based on public auction or tender.

The budget for asset sales this year was \$470,000 and the gross proceeds for the four properties sold amounted to \$499,500.

Details relating to the location of each property sold, together with the contract prices are shown at Appendix 3 on page 22.

SCHOOL RESIDENCES – RETURN OF ADMINISTRATION

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

On request by the DET, the Authority returns administration of such residences to the department for disposal, demolition or non residential use.

During the year, the Authority returned the following 11 residences to the department's administration:

- :: Attunga
- :: Bellimbopinni
- :: Bundarra
- :: Graman
- :: Gundagai South
- :: Hargraves
- :: Holmwood
- :: Londonderry
- :: Menindee
- :: Merriwagga
- :: Paterson

HOME OWNER WARRANTY INSURANCE

The Authority has experienced difficulties and delays in securing contractors for some capital and refurbishment projects because of the Home Owner Warranty Insurance (HOWI) requirements outlined in the Home Building Act 1989 (the Act). In view of the Authority's operational policies and procedures, the Authority believes that the consumer protection afforded by HOWI is not required and unnecessarily increases the cost of providing the housing service for teachers.

Consequently, the Authority has sought an exemption from the home warranty insurance provisions of the Act. At the end of the reporting period, this matter was under consideration by the Minister for Commerce.

FINANCIAL MANAGEMENT

OVERVIEW

Funding for the Authority's operational and capital activities is provided from rental and investment income and proceeds from the sale of assets. An annual contribution from the State Government is also received as income and is offset against interest and principal repayments on borrowings and other operating expenses.

The Authority continued to pursue financial management strategies to maintain its financial viability.

These strategies include:

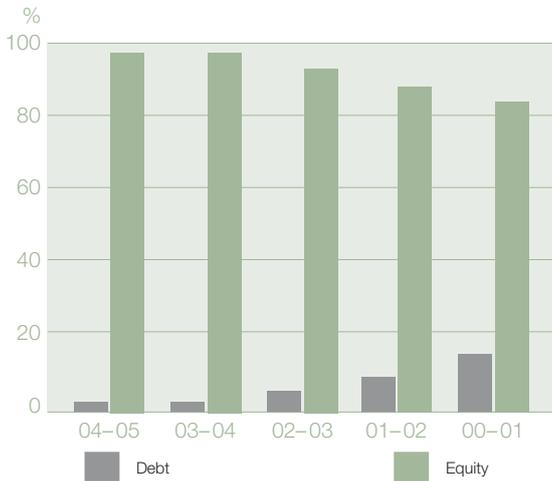
- ∴ a continued annual State Government contribution;
- ∴ repayment of all borrowings by 2005-06;
- ∴ financing the Authority's Capital Program from asset sale proceeds and operating income, thereby alleviating the need to undertake further borrowings; and
- ∴ maintaining programs which systematically improve the quality and standard of housing, thereby minimising operating costs and maximising rental income.

The table below provides an overview of the key financial performance results for 2004-05 with comparisons to the four previous financial years.

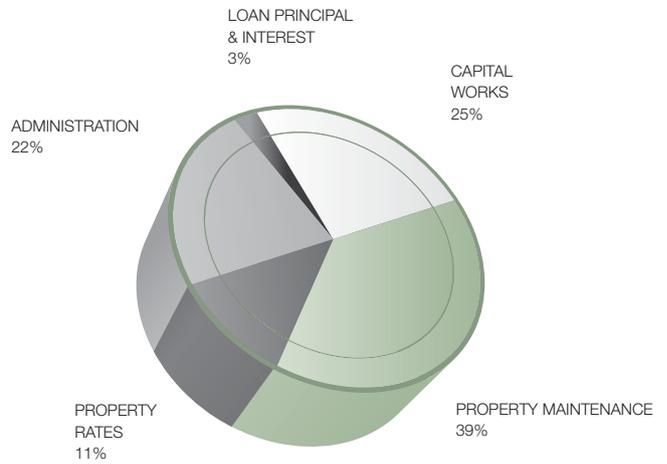
Key Financial Results	2004-05 \$'000	2003-04 \$'000	2002-03 \$'000	2001-02 \$'000	2000-01 \$'000
Financial Performance					
Revenue	13,650	14,444	14,585	14,573	13,934
Expenses	11,983	12,526	11,496	10,063	11,444
Operating Result	1,667	1,918	3,089	4,510	2,490
Included in Operating Result:					
State Government Contribution	4,700	5,700	6,300	6,300	5,600
Borrowing Costs	273	414	657	1,070	1,374
Financial Position					
Assets	119,354	118,083	84,772	85,694	84,689
Liabilities	4,310	3,783	7,111	10,739	13,833
Net Assets	115,044	114,300	77,661	74,955	70,856
Financial Analysis					
Current Ratio	1.26:1	4.6:1	1.5:1	1.6:1	1.3:1
Total Debt to Total Assets	3.6%	3.2%	8.4%	12.5%	16.3%
Total Assets to Equity	103.7%	103.3%	109.2%	114.3%	119.5%
Return on Assets	2.1%	3.3%	4.0%	3.3%	1.7%
Return on Assets (Underlying)	-2.7%	-2.3%	-2.0%	-1.8%	-1.7%

The Authority's financial strategies continue to impact favourably on its financial position. Over the past five years, total liabilities have reduced from \$13.8m to \$4.3m with the total debt to total asset ratio revealing that only 3.6% of assets now remain financed by debt funds. The shift in asset funding over the past five years is further illustrated in the graph below.

MOVEMENT IN ASSET FUNDING

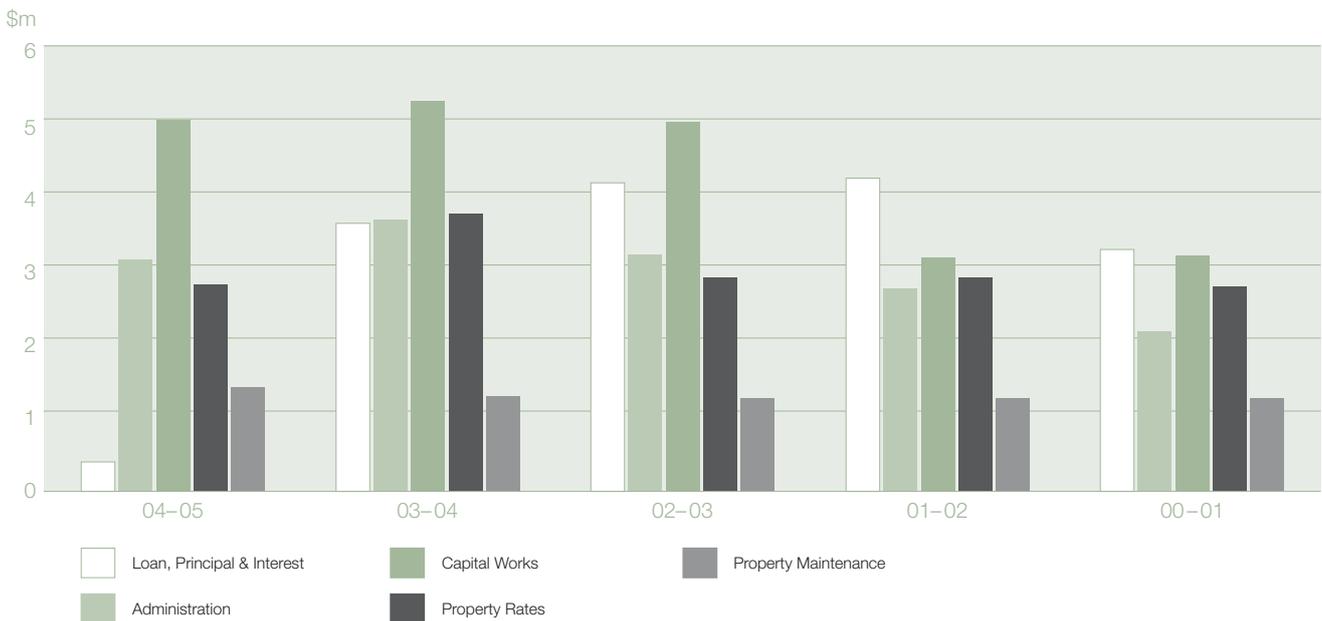


2004-05 EXPENDITURE DISSECTION
(TOTAL CASH OUTLAY - \$12.4M)



The charts below and alongside illustrate 2004-05 expenditure dissection and expenditure comparison by major categories.

EXPENDITURE COMPARISON BY MAJOR CATEGORIES



OUTLOOK

The Authority's operating budget for 2005-06 projects a surplus of \$1.071m. This surplus will result from anticipated revenue of \$14.107m less expenses totalling \$13.036m.

Anticipated operating revenue will include \$9.051m from rental income and a \$4.876m contribution from the State Government. Income of \$0.180m is also projected to be received from short-term investments.

Projected operating expenses are forecast to be \$1.053m higher than in 2004-05. Increases are foreshadowed from most operating expense categories; the most significant being \$0.608m in Property Maintenance Expenses. This increase will result from carry over of projects from 2004-05.

A reduction of \$0.083m in Borrowing Costs will be due to a lower loan liability in 2005-06.

Under the Authority's Capital Program for 2005-06, projected asset sale proceeds of \$0.420m will be fully applied against capital expenditure of \$4.420m. The remainder will be funded from operating income.

In line with current financial strategies, the Authority proposes to repay a total of \$2.651m in loan principal during 2005-06 which will reduce the face value of borrowings outstanding to nil as at 30 June 2006.

The projected cash flows from operating and capital activities during 2005-06 will result in a net cash outflow of \$0.571m. After deducting loan principal repayments, cash reserves are forecast to decrease by \$3.223m resulting in a closing cash balance of \$1.306m at 30 June 2006.

The 2005-06 budgets and forecast results for the Authority's operational and capital activities are provided in more detail in the next section.

FINANCIAL PERFORMANCE SUMMARY

The 2004-05 performance results for Management Operations, Authority Capital Works and the School Residence Refurbishment Program are detailed in the following pages. The 2004-05 budgets were approved by the Board in August 2004 with no major revisions during the year.

MANAGEMENT OPERATIONS

(see table below)

Management Operations records all revenues and expenses generated from operating activities. This includes rental and investment income, debt servicing, property related and administration expenses. The State Government contribution is also included as operating income.

Management Operations – Performance Against Budget	2004-05 Actual \$'000	2004-05 Budget \$'000	2004-05 Variance \$'000	2005-06 Budget \$'000
Revenue				
Rental Income	8,638	8,481	157	9,051
Government Contribution	4,700	4,700	0	4,876
Investment and Other Income	309	180	129	180
Gain on Asset Disposals	3	0	3	0
Total Operating Revenue	13,650	13,361	289	14,107
Expenses				
Borrowing Costs	273	273	0	190
Property Maintenance	4,942	5,080	138	5,550
Property Rates	1,372	1,344	(28)	1,365
Employee Related Expenses	1,427	1,613	186	1,681
Other Administration Expenses	1,486	1,636	150	1,650
Loss on Asset Disposals	0	100	100	100
Depreciation	2,483	2,100	(383)	2,500
Total Operating Expenses	11,983	12,146	163	13,036
Operating Surplus/(Deficit)	1,667	1,215	452	1,071

The Authority recorded an operating surplus of \$1.667m for 2004–05 which was \$0.452m greater than budget. After excluding non-cash items and movements in operating debtors and creditors, the surplus converted to a net operating cash inflow of \$4.461m. This inflow was \$1.014m more than projected and due largely to the expenditure shortfall in Other Administration Expenses, Employee Related Expenses and Property Refurbishment Program (refer Movement in Cash Reserves on page 13).

Operating revenue totalled \$13.650m which was \$0.289m more than budget. Rental income of \$8.638m was \$0.157m over budget and was due to lower than budgeted vacancy rates for the year. Income from investments totalled \$0.309m against a budget of \$0.180m. This favourable variance was derived from higher monthly cash balances and interest rate returns than initially forecast. The contribution received from the State Government totalled \$4.700m which was in accordance with the Authority's budget appropriation for 2004–05.

Operating expenses totalled \$11.983m which was \$0.163m lower than budget. This resulted from a combination of a favourable variance in other administration expenses (travel, consultant fees and computer systems development) and a favourable movement in the superannuation provision under the employee related expenses.

Property maintenance expenses were \$0.138m under budget. Contingent Maintenance was \$0.297m over budget and the most significant increases occurred in air cooling, ground, electrical and general maintenance. In aggregate, these items were \$0.400m over budget while expenditure on furniture, fixtures and fittings was less than budget by \$0.100m.

Property Refurbishment Program (PRP) totalled \$1.824m against budget of \$2.260m. While this is a good result against budget, a number of projects were deferred and will be included in the 2005–06 PRP budget.

AUTHORITY CAPITAL PROGRAM (see table below)

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

Funding for the program is provided from internal sources. Net proceeds from the disposal of properties uneconomical to maintain, no longer suitable for teacher accommodation or in areas where there is an adequate and viable private rental market provide a portion of the funding. The remainder is provided from operating income and cash reserves.

The net cash outflow (funding requirement) from the Authority Capital Program totalled \$2.750m for 2004–05. This represented a decrease of \$1.380m on the budgeted outflow of \$4.130m.

Net proceeds from the sale of 3 properties (and one motor vehicle) totalled \$0.310m.

Expenditure on new constructions and acquisitions totalled \$3.023m, falling short of budget by \$1.517m. This shortfall resulted from delays in the progress of the 2004–05 program and as a consequence, an estimated \$1.550m will be carried forward into 2005–06.

Authority Capital Program Performance Against Budget	2004–05 Actual \$'000	2004–05 Budget \$'000	2004–05 Variance \$'000	2005–06 Budget \$'000
Receipts				
Asset Disposal Proceeds	310	470	(160)	420
Total Capital Receipts	310	470	(160)	420
Payments				
New Works	3,023	4,540	1,517	4,335
Other	37	60	23	85
Total Capital Payments	3,060	4,600	1,540	4,420
Net Cash Inflow/(Outflow)	(2,750)	(4,130)	1,380	(4,000)

SCHOOL RESIDENCE REFURBISHMENT PROGRAM

(see table below)

This program provides for the refurbishment of dwellings owned by the Department of Education and Training (DET) but managed by the Authority. It is funded from an annual capital grant provided by DET. Any balance of funds at the end of each financial year is treated by the Authority as either an amount owed to, or owed by DET [refer note 10(a) of the financial statements].

A capital grant of \$0.600m was received from DET during 2004-05. Actual expenditure amounted to \$0.392m for the year resulting in a closing balance of \$0.208m. This amount will be carried forward into 2005-06 as unspent funds and added to the DET Grant.

MOVEMENT IN CASH RESERVES

(see table below)

A net cash outflow of \$1.869m resulted in a closing cash balance of \$4.529m as at 30 June 2005 which was \$2.602m greater than budget. This increase resulted predominantly from the shortfall in expenditure in the Authority's 2004-05 Capital Program and Management Operations and will be fully absorbed in 2005-06.

AUTHORITY BORROWINGS

In accordance with the Authority's key financial strategies, borrowings totalling \$0.050m were repaid during the year, reducing the outstanding portfolio to \$2.651m at 30 June 2005. Borrowing costs amounted to \$0.291m in 2004-05 compared to \$0.453m in 2003-04.

School Residence Refurbishment Program Performance Against Budget	2004-05 Actual \$'000	2004-05 Budget \$'000	2004-05 Variance \$'000	2005-06 Budget \$'000
Income				
DET Capital Grant	600	600	0	600
Total Income	600	600	0	600
Expenditure				
School Residence Refurbishment	392	600	208	808
Total Expenditure	392	600	208	808
Net Cash Inflow/(Outflow)	208	0	208	(208)

Movement in Cash Reserves Performance Against Budget	2004-05 Actual \$'000	2004-05 Budget \$'000	2004-05 Variance \$'000	2005-06 Budget \$'000
Opening Cash Balance	2,660	2,660	0	4,529
Cash Inflow/(Outflow) From:				
Management Operations	4,461	3,447	1,014	3,636
Authority Capital Program	(2,750)	(4,130)	1,380	(4,000)
School Residence Refurbishment Program	208	0	208	(208)
Repayment of Borrowings	(50)	(50)	0	(2,651)
Net Cash Inflow/(Outflow)	1,869	(733)	2,602	(3,223)
Closing Cash Balance	4,529	1,927	2,602	1,306

The total cash outflow relating to Authority borrowings in 2005-06 is projected to be \$2.842m comprising \$2.651m in principal repayments and \$0.191m in borrowing costs.

INVESTMENT PERFORMANCE

The Authority's investments comprise of funds held for short term operational requirements. To enable immediate access to these funds, the NSW Treasury Corporation HourGlass Cash Facility is used. Investments in the Cash Facility totalled \$4.285m at 30 June 2005 compared with \$2.501m at 30 June 2004.

A net return of 5.49% was achieved during 2004-05 which was an increase of 0.38% from the previous year.

ACCOUNT PAYMENT PERFORMANCE

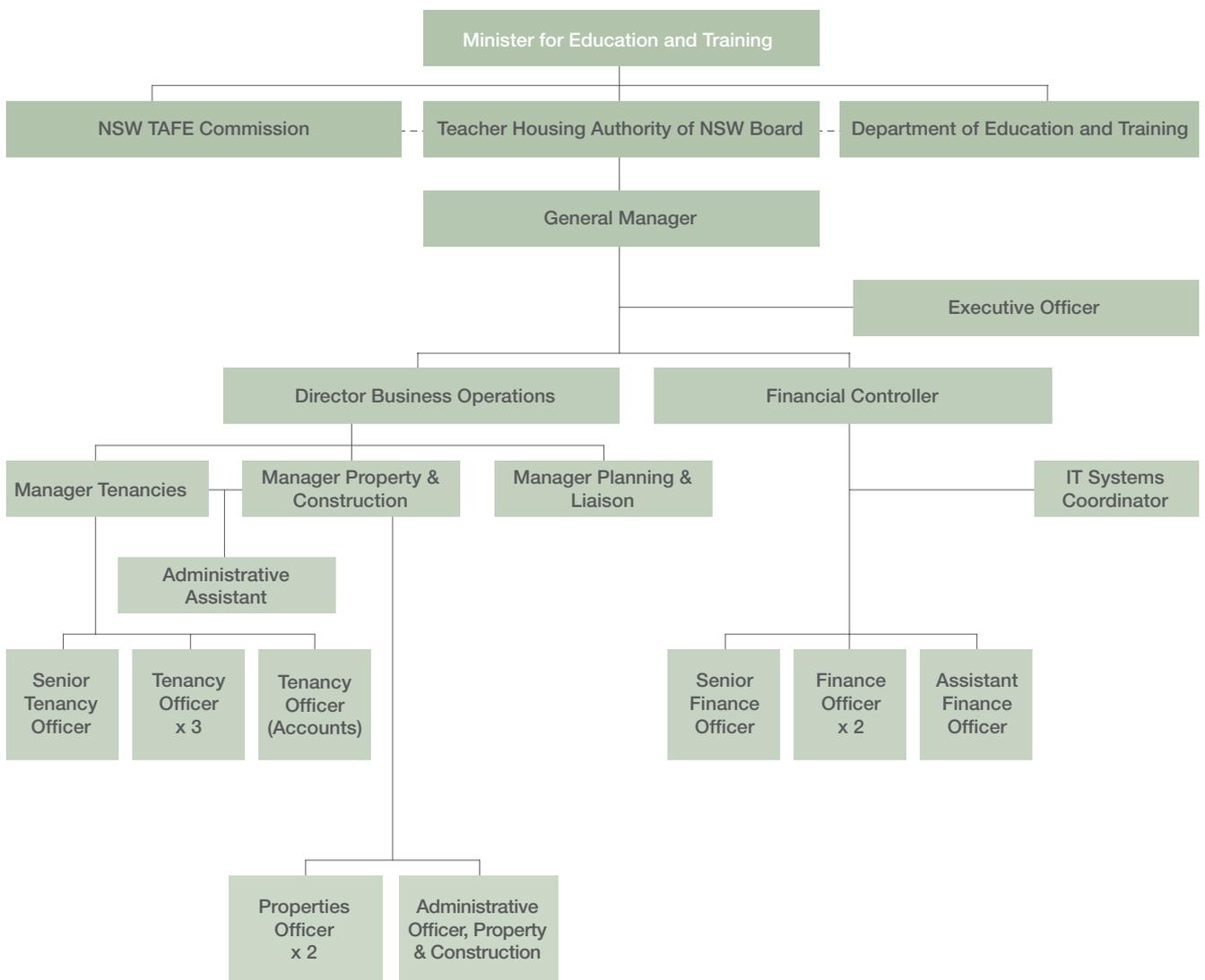
The tables below highlight the Authority's account payment performance for 2004-05. The percentage of invoices paid on time for the year totalled 99.55% (99.47% in 2003-04) which was a favourable result against the Authority's benchmark of 97%. A sustained performance in excess of this benchmark is again expected in 2005-06.

Value of Invoices Paid	1st Quarter \$'000	2nd Quarter \$'000	3rd Quarter \$'000	4th Quarter \$'000	Total \$'000
Paid Before Due	3,149	2,911	2,222	2,391	10,673
<30 days Overdue	157	420	543	1,064	2,184
>30<60 days Overdue	0	0	0	0	0
>60<90 days Overdue	0	0	0	0	0
>90 days Overdue	0	0	0	0	0
Total Value of Invoices Paid	3,306	3,331	2,765	3,455	12,857

Number of Invoices Paid	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Number Paid	3,731	3,095	3,371	3,437	13,634
Number Paid on Time	3,714	3,086	3,361	3,411	13,572
Percentage Paid on Time	99.54%	99.71%	99.70%	99.24%	99.55%

OPERATIONAL MANAGEMENT

The chart hereunder outlines the Authority's organisation structure and reporting lines:



STAFFING

The General Manager and staff of the Authority are employed under the Public Sector Employment and Management Act 2002 and are considered part of the Department of Education and Training for the purposes of that Act. There are no Senior Executive Service positions in the Authority.

MANAGEMENT TEAM



(L to R) Back Row: Craig de Plater, General Manager; Neal Marks, Manager Property and Construction; Praveen Swarup, Financial Controller; Ken Parker, Director Business Operations; Front Row: Rana Khoreiche, A/Manager Tenancies; Neryl Wilson, Manager Planning and Liaison; Cheryl Woodman, Executive Officer.

CRAIG DE PLATER BA

General Manager

See page 5 for employment background. Craig was appointed as General Manager in January 1993. He reports to the Chair and Board of the Authority and is responsible for managing and developing the Authority as a tenant 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 and financial management.

KEN PARKER

Director Business Operations

Ken has wide management and administrative experience in a number of public sector agencies, including the Department of Education and Training and NSW Crime Commission. He joined the Authority in March 1993.

As Director Business Operations, Ken is responsible for advising the General Manager and Board on strategies, systems and policies for the provision of housing to teachers.

He also oversees the operational activities of the Authority including human resources, office accommodation, special projects and implementation of new government initiatives and policies.

PRAVEEN SWARUP CPA

Financial Controller

Praveen has over eleven years accounting and financial management experience in the commercial sector. Before joining the Authority in October 2001, he also worked for a number of years in the Department of Local Government.

His role as Financial Controller involves responsibility for managing accounting and budgetary services in accordance with legislative requirements and government procedures and to support the operational needs of the Authority.

Praveen also oversees the Authority's information and communication technology function.

NEAL MARKS

Manager Property and Construction

Prior to joining the Authority in June 2003, Neal was operating his own property consultancy business. Before that, he spent many years working in Telstra in property related areas.

Neal is a licensed builder and is responsible for providing quality housing services to tenants through the efficient and effective delivery of construction and refurbishment programs and overseeing the Authority's Asset Disposal Program.

RANA KHOREICHE

Acting Manager Tenancies

Rana was appointed as a Tenancy Officer in June 1998. She is Acting Manager Tenancies during the long term absence of the substantive occupant of the position. Rana is responsible for overseeing tenancy management functions in the Authority, including the allocation of housing, collection of rent and debtor control.

NERYL WILSON Dip Teach

Manager Planning and Liaison

Neryl came to the Authority in April 2001 and was appointed to the position of Manager Planning and Liaison in February 2003.

Neryl has worked as a teacher in NSW schools and with the British Consulate – General in Sydney. She also held a managerial position with the Moss Vale Rural Lands Protection Board.

Neryl is responsible for developing effective and close working relationships with teacher tenants and other stakeholders and gathering key information to input into the Authority's planning processes.

CHERYL WOODMAN

Executive Officer

Cheryl is responsible for operational activities within the Authority office and provides executive support to the Authority Board, General Manager and Director Business Operations. She also has a coordinating role in relation to special projects.

TENANCY BRANCH



(L to R) Audrey Banks, Temporary Tenancy Officer (South); Sharnah Harriman, Tenancy Officer (Central); Beth Tamm, Tenancy Officer (North); Dee Wilson, Tenancy Officer Accounts; Steve Jaques, Senior Tenancy Officer.

The Senior Tenancy Officer is Steve Jaques. In addition to assisting with the day-to-day operation of the branch, Steve is responsible for ensuring that managing agents meet the obligations outlined in their management agreement. He is also responsible for coordinating the annual rental review process.

Tenancy Officers Beth Tamm, Sharnah Harriman and Audrey Banks are the first point of contact with the Authority for prospective tenants. They are also the principal contact for existing tenants on all matters.

Each Tenancy Officer is responsible for a designated area of the State. In broad terms, Beth manages tenancies in the Far North West, North West and North Coast areas; Sharnah the Far Central West, Central West and Mid North Coast and Audrey the Far South West, Riverina and South Coast.

Dee Wilson has responsibility for maintaining rental accounts for private tenants and teacher tenants who pay rent direct to the Authority. She is also responsible for debt recovery action for tenants in rental arrears.

PROPERTY AND CONSTRUCTION BRANCH



(L to R) Tiffany Johnson, Administrative Assistant; Kevin Bray, Properties Officer; John McGaughey, Properties Officer; Stuart McCulloch, Administrative Officer, Property and Construction.

The process of acquiring land or property is undertaken by the Administrative Officer Property and Construction, Stuart McCulloch. He is also responsible for the disposal of dwellings that are either surplus to the Authority's needs or beyond economic repair, and arranging the return of identified school residences to the administration of the Department of Education and Training.

Properties Officers, John McGaughey and Kevin Bray are responsible for ensuring capital projects are completed in accordance with the Australian building standard and to Authority specifications. They also monitor refurbishment projects to ensure Authority dwellings are maintained at an appropriate standard.

Under a share arrangement Tiffany Johnson, Administrative Assistant, provides clerical and keyboard support to the Property and Construction Branch and Tenancy Branch. She also undertakes receptionist, switchboard and other administrative duties for the Authority.

FINANCE BRANCH AND IT COORDINATION



(L to R) Back Row: Robert Pyne, Finance Officer; Mark Faulkner, IT Systems Coordinator; Khuong Duong, Senior Finance Officer; Front Row: Michelle Forward, Assistant Finance Officer; Biki Varela, Finance Officer.

The Senior Finance Officer, Khuong Duong, supports the Financial Controller in providing a range of accounting services including coordinating work flow in the branch, calculating FBT, Payroll Tax and GST obligations and checking/authorising payment vouchers.

Finance Officers Biki Varela and Robert Pyne prepare and check payment vouchers, reconcile various general ledger accounts and provide financial information for month end and year end reporting.

Michelle Forward is the Assistant Finance Officer. Michelle is primarily responsible for processing and allocating receipt remittances, processing administration invoices and assisting with other financial support activities.

Maintenance of the Authority's IT systems including the Local Area Network, hardware, software and peripherals is the responsibility, in conjunction with support from the Office of the Board of Studies, of Mark Faulkner.

HUMAN RESOURCES

INDUSTRIAL RELATIONS

There were no industrial issues affecting the operations of the Authority during 2004–05.

EMPLOYEE SALARIES AND ALLOWANCES

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

STAFF DEVELOPMENT AND TRAINING

All staff are actively encouraged to undertake training to enhance their professional development and facilitate the acquisition of new work skills. Expenditure of \$10,309 was incurred on training and development during the year (which represented a significant increase on expenditure in 2003–04). Thirteen of twenty one staff members undertook a diverse range of courses relating to areas such as business writing, project management, real estate practice, people management, first aid, taxation and policy development.

EQUAL EMPLOYMENT OPPORTUNITY

To date, the Authority has not developed an EEO Management Plan. This approach has been in the context of the employment relationship Authority staff have with the Department of Education and Training. However, in light of the proposed review of the Teacher Housing Authority Act 1975, it was decided that the Authority should develop its own EEO Management Plan.

As a precursor to detailed EEO planning, the Authority undertook a Workplace Climate Survey this year to highlight areas the Authority should concentrate on in developing strategies pertinent to the organisation.

The survey identified many positive aspects of the Authority's operations including the view from 100% of respondents that the Authority's workplace culture was right for them and there is no discrimination in the workplace. Some staff, however, believe that change could be managed better in the Authority and there are opportunities to improve internal communication processes.

The Authority will concentrate on developing strategies to address these issues in the EEO Management Plan for 2005–06.

Statistical information relating to EEO for this year is shown at Appendix 4 on page 23. A table showing Authority employees by category for the reporting year and the preceding three years is shown at Appendix 5 on page 23.

SPOKESWOMEN'S PROGRAM

By a decision of female staff, there is currently no Spokeswoman in the Authority.

The position of Women's Liaison Officer is held by Neryl Wilson, Manager Planning and Liaison.

OCCUPATIONAL HEALTH AND SAFETY

During 2004–05 no injuries or other problems relating to occupational health and safety were reported.

SICK LEAVE

The total sick leave taken by Authority staff over the 12 month period from April 2004 to March 2005 was 138.75 days. Excluding absences of officers due to hospitalisation, the average sick leave per staff member was 4.18 days.

EMPLOYEE ASSISTANCE PROGRAM

The Authority has an agreement with Workcare Australia Pty Ltd for the provision of a counselling service for staff experiencing personal or work related problems.

The service is available free to staff. Use of the program is voluntary and operates through a self referral arrangement.

NSW PUBLIC SECTOR WORKFORCE PROFILE

As part of a Service Level Agreement for corporate services, the Office of the Board of Studies (OBOS) completed the 2004 workforce profile in respect of Authority staff.

Future data collections will also be undertaken by the OBOS.

CLIENT RELATIONSHIPS

BENCHMARKING

The Authority has developed a series of benchmarks to assist the Board, management and staff in measuring the Authority's performance and identify where the Authority is succeeding in terms of service provision and where service can improve.

This initiative will be implemented from July 2005, initially for internal performance measurement. However, it is intended to approach interstate agencies providing government employee housing to ascertain interest in collaborating on common benchmarks for inter jurisdictional comparisons.

ETHNIC AFFAIRS PRIORITIES STATEMENT

The Authority 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
- :: working arrangements in the office which respect and accommodate cultural and religious differences wherever possible.

The Authority acknowledges that members of the NSW government teaching service are representative of many different cultures in 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 our business and the associated client base, there is little opportunity to introduce new initiatives relating to multiculturalism. Thus, for the ensuing year, the Authority will continue to implement the principles by the means outlined above.

FREEDOM OF INFORMATION

All reasonable requests for access to information will be met. It is the Authority's practice that, where possible, documents are provided without the applicant incurring a fee.

There were no FOI requests during the year.

PRIVACY MANAGEMENT

In September 2004, the Health Records and Information Privacy Act 2002 commenced. The Authority's Privacy Management Plan was revised to integrate into the plan the 15 health privacy principles outlined in the new legislation.

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

OTHER ACTIVITIES

OFFICE ACCOMMODATION

The Authority's office space is a single tenancy of 385m² in Sydney's central business district. It is within the staff to space ratio determined by the Government. A new six year lease on these premises commenced from 1 January 2005.

There were no changes to our corporate goals or service delivery methods during 2004-05. Further, the Authority is not a budget dependent agency and there were no funding implications for Government related to the new lease. Consequently, (and with the agreement of the NSW Treasury) the Authority did not submit a formal Office Accommodation Strategy for 2004.

INTERNAL AUDIT

An ongoing Internal Audit Program is undertaken by independent auditors each year.

This year, the Authority again used IAB Assurance and Advisory Services. In accordance with the approved program, reviews were completed on:

- :: Income Generation;
- :: Property Refurbishment Program;
- :: Tenancy Liaison Service;
- :: Financial Reporting; and
- :: the implementation of Internal Audit recommendations made in reviews undertaken in the last two years.

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

Good progress has been made in implementing the recommendations agreed to following audits over the last two years.

RISK MANAGEMENT

The NSW Treasury Managed Fund provides workers compensation, motor vehicle, property, public liability and miscellaneous cover for the Authority's operational activities. In 2004–05 the premium was \$211,173 (\$147,156 for property cover), which represented an 8% increase on the amount paid in the previous year.

Twenty one property claims totaling \$21,674 were made against the fund this year. Details are shown at Appendix 6 on page 24.

CONSULTANTS

The Authority engaged the Department of Commerce under a consultancy arrangement to review the Project and Construction Manager's Manual at a cost of \$5000.

CORPORATE PLAN

The Authority's Corporate Plan for 2005–07 outlines key strategies for the planning period in terms of asset, tenancy, financial and operational management. The plan was developed in consultation with members of the Board and staff of the Authority. It is reviewed annually and amended, if necessary, to reflect changing requirements.

A status report advising on the achievement of the strategies to June 2005 is shown at Appendix 7 on page 25.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

ICT SUPPORT

The Authority utilises the services of the Office of the Board of Studies to host and update the THA's website and provide advice on ICT strategic planning and other government and central agency requirements.

ICT STRATEGIC PLAN

The Authority's ICT Strategic Plan was reviewed this year. At the end of the reporting period, a draft of the revised plan was under consideration.

BUSINESS CONTINUITY PLAN

The Authority's Business Continuity Plan was reviewed and updated this year. The plan provides the basis for a controlled recovery from a disaster which would disable critical business functions and resources of the Authority for a period exceeding two working days.

The plan does not cover dwellings owned or managed by the Authority.

ELECTRONIC INFORMATION SECURITY

All Government agencies are required to have their electronic information systems certified to the national AS/NZS standard for information security management by 2006.

In late 2004, the Authority engaged IAB Services to undertake an ISMS Threat and Risk Assessment. At the end of the year, a draft of the assessment was being considered.

INTELLECTUAL PROPERTY

An Intellectual Property (IP) Policy was developed during the year. It is based on a better practice guide issued by the Adult Office of NSW in 2001.

Notwithstanding that IP is not a significant issue for the Authority, the policy will ensure that knowledge based assets are valued and used to improve service delivery and benefit the State.

At the time the policy was adopted, advice from the Crown Solicitor's Office indicated that there is no statutory function conferred on the Authority enabling it to commercialise IP. Consequently, the Authority has made provision in the review of its enabling legislation (the Teaching Housing Authority Act 1975) to give the Authority a legal mandate to facilitate commercialization of IP.

ENERGY MANAGEMENT

The table below outlines the Authority's annual aggregate energy consumption and greenhouse emissions for its office during the year ended 30 June 2005.

GJ	People	MJ/person	m ²	MJ/m ²	m ² /person
150	22	6809	385	389	17.5

The Authority's Energy Management Plan was reviewed this year. The plan now acknowledges the Government's policy relating to the Australian Building Greenhouse Rating Scheme, introduced in May 2004. Because of the Authority's small size, there is little opportunity for further initiatives to reduce energy usage beyond those introduced in past years.

Nevertheless, energy management awareness continues to be included in the induction process for new staff and a quarterly email reminder is sent to all employees about the issue.

WASTE REDUCTION AND PURCHASING POLICY (WRAPP)

The Authority continues to implement WRAPP strategies adopted in recent years relating to its office and associated office equipment and materials. These include using electronic communication where possible, reusing and recycling paper, ordering products with recycled content and maintaining staff awareness of WRAPP issues. Again, the small size of the Authority limits further opportunities for new initiatives.

In terms of construction and refurbishment waste, the remote areas of the State serviced by the Authority continue to present significant challenges in recycling waste.

The table below relates to recycling activities in the office and for construction/refurbishment projects for the year ending 30 June 2005.

Area	Amount Recycled	Amount of Recycled Content Products Purchased
Office	Paper Products – 0.9 tonne (100%)	420 reams (91%)
	Toner Cartridges – 34 (100%)	0 (0%)
Construction and Refurbishment Projects	52 tonnes (29%)	492 tonnes (30%)

OVERSEAS TRAVEL

No Board or staff member travelled overseas on official business during 2004-05.

APPENDICES

APPENDIX 1

DWELLINGS CONSTRUCTED OR ACQUIRED DURING 2004-05

Town	Project Description	Total Cost \$
Bourke	2 x 1 & 1 x 2 bedroom villas	528,028
Condobolin	1 x 4 bedroom house	259,238
Menindee	2 x 1 & 1 x 2 bedroom villas	528,269
Trangie	1 x 3 bedroom house	188,848
Walgett	1 x 4 bedroom house	177,165
Walgett	1 x 4 bedroom house	315,723
Total		1,997,271

APPENDIX 2

WORK IN PROGRESS AS AT 30 JUNE 2005

Town	Project Description	Expenditure to 30 June 2005 \$	Estimated Completion
Bourke	1 x 4 bedroom house	197,408	July 2005
Brewarrina	2 x 1 & 1 x 2 bedroom villas	125,923	November 2005
Goodooga	2 x 2 bedroom villas	27,290	November 2005
Lake Cargelligo	2 x 1 & 1 x 2 bedroom villas	225,585	October 2005
Walgett	2 x 1 & 2 x 2 bedroom villas	402,405	September 2005
Total		978,611	

APPENDIX 3

DWELLINGS AND LAND SOLD IN 2004-05

Locality	Address	Contract Price \$
Boggabilla	69 Yeoman Street (Land)	2,000
Moama	28 Maiden Street	192,500
Murrurundi	83 Mount Street	185,000
Rockley	64 Pepper Street	120,000
Total		499,500

APPENDIX 4

EEO STATISTICS

Table A Trends in the Representation of EEO Groups¹

EEO Group	% of Total Staff ²				
	Benchmark or Target %	2004-05 %	2003-04 %	2002-03 %	2001-02 %
Women	50	48	48	47	44
Aboriginal people and Torres Strait Islanders	2	-	-	-	-
People whose first language was not English	19	19	19	21	22
People with a disability	12	-	-	5	6
People with a disability requiring work-related adjustments	7	-	-	-	-

Table B Trends in the Distribution of EEO Groups³

Notes:

1. Staff numbers at 30 June.
2. Excludes casual staff.
3. In accordance with the Office of the Director of Equal Opportunity in Public Employment guidelines, the Distribution Index has not been included because the EEO group numbers are less than 20.

APPENDIX 5

AUTHORITY EMPLOYEES BY CATEGORY

Category	2004-05	2003-04	2002-03	2001-02
Administrative and Clerical	21	21	19	18

APPENDIX 6

TREASURY MANAGED FUND – PROPERTY INSURANCE CLAIMS

Locality	Claim	Cost \$
Brewarrina	Repair window/door (break in)	676
Brewarrina	Repair window/door (break in)	1053
Brewarrina	Repair window/door (break in)	917
Brewarrina	Repair window/door (break in)	861
Brewarrina	Repair window/door (break in)	922
Broken Hill	Repair wall (vandalism)	854
Broken Hill	Repair wall (leaking pipe)	395
Coonamble	Repair storm damage	2453
Denman	Repair storm damage	330
Finley	Repair storm damage	3366
Goodooga	Repair door (break in)	625
Gunnedah	Repair storm damage	343
Junee	Repair awning (hail storm)	1045
Lightning Ridge	Repair door (vandalism)	462
Lightning Ridge	Repair door (vandalism)	498
Moree	Repair door (break in)	694
Mungindi	Repair damaged ceiling (water leak)	440
Tooleybuc	Replace carpet (water leak)	529
Wilcannia	Repair storm damage	775
Willow Tree	Repair damage – burst hot water system	3842
Total		21,674

APPENDIX 7

CORPORATE PLAN – STATUS UPDATE JUNE 2005

Key Result Area	Action	Status	Comment/s
1. ASSET MANAGEMENT			
1.1 Disposal of Surplus Properties	Determine properties to be disposed in 2005-06 Identify other stock for disposal	Action commenced Ongoing	Program being prepared
1.2 Review Building Designs	Review building designs	Action commenced	Proposals for consultancy sought
1.3 Property Refurbishment	Develop and implement 2005-06 Property Refurbishment Program	Action commenced	Paper to Board at June 2005 meeting
1.4 Construction or Acquisition of Dwellings	Develop and implement 2005-06 Capital Program	Action commenced	Program approved by Minister. Planning commenced
1.5 Provision and Servicing of Air Cooling and Security Systems	Servicing of air cooling units (biannual) Servicing security systems (as required)	Action commenced Ongoing	Winter shutdown service done
1.9 Air Cooling and Security Contracts	Call tenders for new contracts	Action commenced	Specifications being prepared prior to calling tenders
1.11 Develop Guidelines for the Provision of Ground Maintenance for Villa Units	Develop guidelines	Action commenced	Guidelines being prepared

APPENDIX 7 (CONTINUED)

CORPORATE PLAN – STATUS UPDATE JUNE 2005

Key Result Area	Action	Status	Comment/s
2. TENANCY MANAGEMENT			
2.2 Field Visits to Local Housing Representatives and Managing Agents	Tenancy Officers to program 2 field visits (of 1 week duration each) per annum. Other field trips as required.	Action commenced	Field trips planned for June and August 2005 and April 2006
2.3 Management Reviews of TLS Agents	Reviews undertaken on a programmed basis	Ongoing	44 agents (of 89) reviewed
2.6 Market Awareness	Review involvement in 'Beyond the Line' program	Done	THA provides promotional material to program co-ordinator
2.7 Selection of Managing Agents	Review selection process	Action yet to commence	To be undertaken in the second half of 2005
2.8 Residential Tenancy Agreements (and Premises Condition Reports)	Review document and procedures	Action commenced	To be finalised by December 2005
2.9 Tenancy Management Manual	Document procedures in Consolidated Tenancy Management Manual	Action commenced	To be finalised by September 2005
2.10 Liaison with Local Housing Representatives	Hold conference	Action commenced	To be held in August 2005
2.11 Tenant Surveys	Undertake Survey	Action commenced	Survey to be undertaken in August 2005
2.12 Rent Review	Review rentals for 2005-06	Done	Revised rents applied from 1 May 2005
2.13 Rental Debt	Review debtor control procedures	Action commenced	Draft procedures being reviewed
2.14 Vacancies	Review vacancy levels	Done	Periodic review undertaken

APPENDIX 7 (CONTINUED)

CORPORATE PLAN – STATUS UPDATE JUNE 2005

Key Result Area	Action	Status	Comment/s
3. FINANCIAL MANAGEMENT			
3.1 Financial Plan	Review Financial Plan to incorporate current projections	Action yet to commence	To be undertaken in November 2005
3.2 Management of Loan Portfolio	Meet loan commitments as they fall due	Action commenced	In accordance with Loan Schedule
3.3 Key Financial Performance Indicators	Monitor trends and regularly report to Board	Done	Reported at bi-monthly Board meetings
3.4 Government Contribution	\$4.8 m to be received in 2005-06	Not received	Expected by September 2005
3.5 Account Payment	Check to confirm that benchmark targets, or better, are achieved each quarter	Done	Reported at bi-monthly Board meetings
3.6 Australian Equivalents to International Financial Reporting Standards (AIFRS)	Report under revised standards	Action commenced	Treasury draft and final reports completed

APPENDIX 7 (CONTINUED)

CORPORATE PLAN – STATUS UPDATE JUNE 2005

Key Result Area	Action	Status	Comment/s
4. OPERATIONAL MANAGEMENT			
4.1	Review of Teacher Housing Authority Act 1975	Review and update Act	Action commenced Briefing with Minister
4.2	Office Accommodation	Review Office Accommodation Plan	Action yet to commence To be undertaken in the second half of 2005
4.3	Information Management and Technology (IMT)	Post implementation review of ProMan upgrade	Action yet to commence Deferred to September 2005
		Review IMT Plan	Action commenced To be completed July 2005
		Develop and implement THA Intranet site	Action yet to commence To be undertaken in the second half of 2005
4.4	Electronic Information Security	Initial certification obtained	Action commenced Certification due September 2005
4.6	Internal Audit Plan (IAP)	Develop IAP	Action yet to commence To be undertaken by September 2005
4.8	Benchmarks	Develop benchmarks	Action commenced Benchmarks endorsed by Board at June 2005 meeting
4.9	Government Policy Initiatives	Review: Energy Management Plan	Done No major change to existing plan
		Waste Reduction and Purchasing Plan	Action yet to commence To be reviewed in conjunction with biennial report for whole of government due August 2005
4.12	Performance Management	Develop Performance Management System	Action commenced Software purchased and internal procedures being developed

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

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:: (Revenue and Expenses)	31	Notes Accompanying and Forming Part of the Financial Statements	34

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 2005 and the transactions for the year then ended; and
- (ii) The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000, and the Treasurer's Directions.

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



Mike Cush
Chair

19 October 2005



Craig De Plater
General Manager



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Teacher Housing Authority Of New South Wales

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Teacher Housing Authority of New South Wales:

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

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

The Board's Role

The financial report is the responsibility of the members of the Board of the Teacher Housing Authority of New South Wales. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows and the accompanying notes.

The Auditor's Role and the Audit Scope

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

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

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

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

My opinion does *not* provide assurance:

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

Audit Independence

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

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

A handwritten signature in cursive script, appearing to read 'M P Abood'.

M P Abood CPA, CA
Director, Financial Audit Services

SYDNEY
19 October 2005

STATEMENT OF
FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

	Note	2004-05 \$'000	2003-04 \$'000
REVENUES			
Rental Income	3	8,638	8,315
Investment Income		309	299
Other Income		0	1
State Government Contribution	4	4,700	5,700
Gain on Disposal of Non Current Assets	9(b)	3	129
TOTAL REVENUES		13,650	14,444
EXPENSES			
Borrowing Costs		273	414
Property Maintenance		4,942	5,333
Property Rates		1,372	1,349
Employee Related Expenses	5	1,427	1,317
Other Administration Expenses	6	1,486	2,249
Depreciation	9(a)	2,483	1,864
TOTAL EXPENSES		11,983	12,526
Operating Surplus from Ordinary Activities		1,667	1,918
Non Owner Transaction Changes in Equity			
Net Increase/(Decrease) in Asset Revaluation Reserve	17	(923)	34,721
Total Revenues, Expenses and Valuation Adjustments Recognised Directly in Equity		(923)	34,721
Total Changes in Equity other than those Resulting from Transactions with Owners as Owners		744	36,639

The accompanying notes form part of these statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Note	2004–05 \$'000	2003–04 \$'000
ASSETS			
Current Assets			
Cash	7	4,529	2,660
Receivables	8	273	458
TOTAL CURRENT ASSETS		4,802	3,118
Non Current Assets			
Land and Buildings	9(a)	113,874	114,402
Office Furniture and Equipment	9(a)	54	107
Office Refurbishment	9(a)	74	110
Motor Vehicles	9(a)	31	28
Prepaid Superannuation	13	519	318
Total Non Current Assets		114,552	114,965
TOTAL ASSETS		119,354	118,083
LIABILITIES			
Current Liabilities			
Payables	10	1,030	520
Interest Bearing Liabilities	11	2,667	58
Provisions	13	125	98
Total Current Liabilities		3,822	676
Non Current Liabilities			
Interest Bearing Liabilities	11	0	2,675
Provisions	13	488	432
Total Non Current Liabilities		488	3,107
TOTAL LIABILITIES		4,310	3,783
NET ASSETS		115,044	114,300
Equity			
Retained Earnings	16	70,159	68,341
Asset Revaluation Reserve	17	44,885	45,959
TOTAL EQUITY		115,044	114,300

The accompanying notes form part of these statements.

STATEMENT OF
CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2005

	Note	2004-05 \$'000	2003-04 \$'000
Cash Flows from Operating Activities			
Payments			
Borrowing Costs		(291)	(453)
Property and Administration		(9,076)	(10,346)
TOTAL PAYMENTS		(9,367)	(10,799)
Receipts			
Rental Income		8,818	8,378
Investment Income		310	299
Other Income		0	1
TOTAL RECEIPTS		9,128	8,678
Cash Flows from Government			
State Government Contribution		4,700	5,700
Department of Education and Training Capital Contribution		600	600
Department of Education and Training Capital Payments		(392)	(710)
Net Cash Flows from Government		4,908	5,590
NET CASH PROVIDED BY OPERATING ACTIVITIES	15	4,669	3,469
Cash Flows from Investing Activities			
Purchases of Non Current Assets		(3,060)	(3,667)
Proceeds from Disposal of Non Current Assets		310	785
NET CASH USED IN INVESTING ACTIVITIES		(2,750)	(2,882)
Cash Flows from Financing Activities			
Loan Repayments		(50)	(3,143)
NET CASH USED IN FINANCING ACTIVITIES		(50)	(3,143)
NET INCREASE/(DECREASE) IN CASH		1,869	(2,556)
Opening Cash Balance		2,660	5,216
CLOSING CASH BALANCE	7	4,529	2,660

The accompanying notes form part of these statements.

NOTES ACCOMPANYING AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. PRINCIPAL ACCOUNTING POLICIES

(A) Basis of Accounting

The Authority's financial statements are a general purpose financial report which has been prepared on an accrual basis and in accordance with applicable accounting standards; other authoritative pronouncements of the Australian Accounting Standards Board (AASB); Urgent Issues Group (UIG) Consensus Views; the requirements of the Public Finance and Audit Act and Regulations; and the Treasurer's Directions.

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. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

Financial instruments giving rise to significant exposure and risk are recorded in the accounts at net fair value unless otherwise stated. Net fair value is deemed to be the monetary consideration foregone or acquired if a financial instrument were to be traded in an active and liquid market at balance date.

(B) Physical Non-Current Assets

(i) Acquisition

The cost method of accounting is used for the initial recording of all acquisitions of physical non-current assets owned by the Authority. Cost is determined as the fair value of the assets given as consideration plus costs incurred in getting the assets ready for use.

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

(ii) Valuation of Land and Buildings

The Authority's land and buildings are valued in accordance with the "Guidelines for the Valuation of Physical Non Current Assets at Fair Value" (TPP 03–02).

Land and Buildings owned by the Authority were last independently valued by the Australian Valuation Office during the year ended 30 June 2004.

At each revaluation, or progressive individual valuation, any difference between the revalued amount and the written down recorded value of land and buildings is reflected in the Asset Revaluation Reserve to the extent that a credit balance, relating to land and buildings, exists within the Reserve.

Upon disposal of a property, any amount represented within the Asset Revaluation Reserve relating to that property is transferred to accumulated funds [Refer Notes 16 and 17].

(iii) Capitalisation of Expenditure

Expenditure on Office Furniture and Equipment and Motor Vehicles is capitalised where the cost of individual assets or groups of assets, such as office furniture or computer equipment, exceeds \$5,000.

Expenditure on the upgrading of Authority owned properties is capitalised where it is determined that the works will give rise to additional future economic benefits including a material increase in the property's realisable market value.

All expenditure on the acquisition or construction of land and buildings is capitalised.

(iv) Property Maintenance Expenditure

Maintenance expenditure is incurred to ensure that a property continues to provide its pre-determined service capacity and quality and achieves its expected useful life.

All maintenance expenditure is reflected in the Statement of Financial Performance under Property Maintenance.

(C) Depreciation of Physical Non-Current Assets

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each non-current asset over its expected useful economic life to the Authority.

Depreciation rates are reviewed annually and, if necessary, adjusted so that they reflect the most recent assessments of a non-current asset's useful life. The rates determined for the 2004–05 financial year are:

(i) Office Furniture and Equipment	20.0%
(ii) Motor Vehicles	25.0%
(iii) Computer Equipment	33.0%
(iv) Buildings	2.5%

(D) Leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Financial Performance in the periods in which they are incurred.

(E) Investments

Investments are made in accordance with Part 1 investment powers under Schedule 4 of the *Public Authorities (Financial Arrangements) Act, 1987* and are represented in the Statement of Financial Position at net fair value [Refer Note 7].

(F) Interest Bearing Liabilities

All loans are represented in the Statement of Financial Position at their current capital value. Separate disclosure is provided as to the net fair value of borrowings outstanding at balance date [Refer Note 11].

In accordance with NSW Treasury Circular TC 02/11, premiums and discounts on loans are deferred and amortised over their respective terms to maturity. Amortisation of loan premium and discount is included in the Statement of Financial Performance within Borrowing Costs in order to reflect the true cost to the Authority of loan liabilities held over the duration of each accounting period [Refer Note 11].

(G) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and investments readily convertible to cash.

(H) Revenue Recognition

(i) Rent

The Authority charges rent weekly, in advance, and recognises rental revenue as it is charged. In order to reflect the amount of rent earned during a reporting period, pro-rata adjustments are made at the beginning and at the end of the reporting period. All rents are reviewed annually by independent, registered property valuers and are based on market value.

(ii) State Government Contribution

The annual contribution received from the State Government is recognised as revenue when the Authority receives the contribution in the form of cash.

(iii) Sale of Properties

Revenue from the sale of properties is recognised on settlement when the economic benefits and risks associated with ownership pass on to the purchaser.

(i) Receivables and Doubtful Debts

Rental and other debtors are recognised as receivables at balance date. The collectability of all receivables is reviewed on an ongoing basis and those which are known to be uncollectable are written off [Refer Note 14]. Provision is made for doubtful debts where final legal and commercial processes are being applied on amounts outstanding in excess of three (3) months and recovery is unlikely [Refer Note 8(a)]. The credit risk is the carrying amount (net of any provision for doubtful debts) and no interest is earned on this amount. The carrying amount also approximates net fair value.

(J) Payables

A current liability for accounts payable is 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.

(K) Employee Benefits

Employee benefits include salaries and wages, long service leave for employees with five years or more service, recreation leave, employer superannuation contributions and other related costs.

(i) Salaries and Wages and Annual Leave

Liabilities for salaries and wages and annual leave are recognised and are measured as the amount unpaid at balance date at future remuneration rates in respect of employees services up to that date.

(ii) Sick Leave

A liability for sick leave is not recognised in the accounts. As sick leave is not payable on termination and the average sick leave taken each year is less than the entitlement accruing, it is considered improbable that existing accumulated entitlements will be used.

(iii) Long Service Leave

A liability for long service leave is recognised in the Statement of Financial Position and is measured at the nominal value of accrued entitlements at balance date. It is considered that this represents a reasonable measure of the liability compared to the present value of the estimated future cash outflows to be made for those entitlements.

(iv) Superannuation

The Authority's gross superannuation liability is advised by Pillar Administration and is calculated based on economic assumptions determined by independent actuary Mercer Human Resource Consulting Pty Ltd. Any variation between the Authority's gross superannuation liability and employer reserve account balance is recognised in the Statement of Financial Position as an unfunded liability or prepaid contribution [Refer Note 13].

(L) Insurance

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

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

The Authority is classified as a fully 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.

(N) 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 other members of the Authority.

(O) Impact of Adopting Australian Equivalents to IFRS

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

The Authority is managing the transition to the new standards by allocating internal resources and engaging consultants to analyse the pending standards and Urgent Issues Abstracts to identify key areas regarding policies, procedures, systems, and financial impacts affected by the transition.

The following phases have been undertaken:

- :: an analysis of current activities and existing assets and liabilities disclosed in the Financial Statements;
- :: detailed comparison of existing Standards and AEIFRS;
- :: recognition/de-recognition, reclassification and re-measurement evaluation exercise for all current activities and existing assets and liabilities disclosed in the Financial Statements as at 1 July 2004; and
- :: preparation and incorporation of comparative figures and opening balances as at 1 July 2005.

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

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

(a) Reconciliation of key aggregates

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS:	Notes	30 June 2005** \$000	1 July 2004* \$000
Total equity under AGAAP		115,044	114,300
Adjustments to accumulated funds			
Defined benefit superannuation adjustment for change in discount rate	1	(664)	(339)
Total equity under AEIFRS		114,380	113,961

* adjustments as at the date of transition

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

Reconciliation of surplus/(deficit) under AGAAP to surplus/(deficit) under AEIFRS: Year ended 30 June 2005	Notes	30 June 2005 \$000
Surplus/(deficit) under AGAAP		1,667
Defined benefit superannuation	1	(664)
Surplus/(deficit) under AEIFRS		1,003

Notes to tables above

1. AASB 119 Employee Benefits requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an overfunded position) and change the quantum of the superannuation expense.

2. CHANGES IN ACCOUNTING POLICY

The accounting policies adopted within these financial statements are consistent with those used in 2003–04.

3. RENTAL INCOME

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

Rental Income comprise:	2004–05 \$'000	2003–04 \$'000
Gross Rental Income	8,618	8,330
Net Transfer From/(To) Provision for Doubtful Debts [Note 8(a)]	20	(15)
Total Rental Income	8,638	8,315

4. 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 including borrowing costs and loan principal repayments.

State Government Contribution comprise:	2004–05 \$'000	2003–04 \$'000
State Government Contribution	4,700	5,700
Total State Government Contribution	4,700	5,700

5. EMPLOYEE RELATED EXPENSES

Employee Related Expenses comprise:	2004–05 \$'000	2003–04 \$'000
Salaries and Wages	1,164	908
Recreation Leave	92	76
Long Service Leave	55	30
Superannuation	(61)	(1)
Total Employee Benefit Expenses	1,250	1,013
Other Employee Related Expenses	177	304
Total Employee Related Expenses	1,427	1,317

Employee related expenses include net increases and decreases in the Provision for Employee Benefits. A net decrease in the provision of \$118,000 was credited to employee related expenses in 2004–05 (\$132,000 net decrease credited in 2003–04) [Refer Note 13].

6. OTHER ADMINISTRATION EXPENSES

Other Administration Expenses comprise:	2004–05 \$'000	2003–04 \$'000
Audit Fees – Audit of the Financial Report	42	40
Consultants	8	30
Office Lease Expense	119	217
Insurance	196	187
Property Valuations	93	763
Property Management Fees	539	477
Other General Administration	489	535
Total Other Administration Expenses	1,486	2,249

7. CASH AND OTHER FINANCIAL ASSETS

The Authority utilises the NSW Treasury Corporation 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 Other Financial Assets comprise:	2004–05 \$'000	2003–04 \$'000
Cash on Hand	1	1
Cash at Bank	243	158
Investments	4,285	2,501
Total Cash and Other Financial Assets at 30 June 2005	4,529	2,660
Represented in the Statement of Financial Position as: Current Assets – Cash	4,529	2,660
Total Cash and Other Financial Assets at 30 June 2005	4,529	2,660

The weighted average effective interest rate for cash and investments during 2004–05 was 5.49% (5.11% in 2003–04) and was calculated using daily Hour Glass Cash Facility Trust unit values. Investment income has not been fully realised.

8. RECEIVABLES

Receivables comprise:	2004–05 \$'000	2003–04 \$'000
Rental Debtors	195	385
Less Provision for Doubtful Debts (a)	(46)	(66)
Tenancy Liaison Service Agent Advances	110	113
Other Debtors	14	26
Total Receivables	273	458

(a) Provision for Doubtful Debts

Provision for Doubtful Debts – movement	2004–05 \$'000	2003–04 \$'000
Opening Provision at 1 July 2004	66	51
Less Debts Written Off [Note 14]	(37)	(9)
New Provision Transferred In/(Out)	17	24
Closing Provision at 30 June 2005	46	66

9. LAND AND BUILDINGS, OFFICE FURNITURE AND EQUIPMENT AND MOTOR VEHICLES

(a) Movement – \$'000	Land and Buildings	Office Furn. & Equipment	Office Refurbishment	Motor Vehicles	2004-05 Total \$'000	2003-04 Total \$'000
At Fair Value						
Carrying Amount at Beginning of Year	114,402	107	110	28	114,647	78,847
Additions	3,060	7	0	31	3,098	3,591
Disposals	(286)	0	0	(20)	(306)	(648)
Net Revaluation Increments/(Decrements)	(923)	0	0	0	(923)	34,721
Depreciation Expenses	(2,379)	(60)	(36)	(8)	(2,483)	(1,864)
Carrying amount at End of Year	113,874	54	74	31	114,033	114,647

Land and buildings were last revalued by the Australian Valuation Office during 2003-04.

(b) Disposals \$'000	Land and Buildings	Motor Vehicles	2004-05 Total \$'000	2003-04 Total \$'000
Gross Proceeds	307	20	327	815
Written Down Value	(286)	(20)	(306)	(647)
Disposal Costs	(18)	0	(18)	(39)
Gain/(Loss) on Disposal	3	0	3	129

10. PAYABLES

Payables comprise:	2004–05 \$'000	2003–04 \$'000
Prepayments by Rental Debtors	8	10
Other Creditors and Accruals	814	474
Department of Education and Training (a)	208	0
Accrued Salaries and Wages	0	36
Total Payables	1,030	520

(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.

Department of Education and Training	2004–05 \$'000	2003–04 \$'000
School Residence Refurbishment Account – movement		
Opening Creditor/(Debtor) at 1 July 2004	(15)	95
Plus Capital Grant Received	600	600
Less Capital Refurbishment Expenditure	(377)	(710)
Closing Creditor/(Debtor) at 30 June 2005	208	(15)

11. INTEREST BEARING LIABILITIES

Loans are represented in the Statement of Financial Position at current capital value. This represents the sum of the face value and net premium/discounts outstanding. Amortisation of premium and discount on loans is reflected in the Statement of Financial Performance under Borrowing Costs.

(a) Loans Outstanding – Current Capital Value	2004–05 \$'000	2003–04 \$'000
Loans Outstanding at 1 July 2004 – Face Value	2,702	5,845
Less Repayments/Prepayments	(50)	(3,143)
Loans Outstanding at 30 June 2005 – Face Value	2,652	2,702
Net Premium/Discount Outstanding at 1 July 2004	31	39
Less Amount Amortised	(16)	(8)
Net Premium/Discount Outstanding at 30 June 2005	15	31
Loans Outstanding at 30 June 2005 – Current Capital Value	2,667	2,733
Represented in the Balance Sheet under:		
Current Liabilities – Loans	2,667	58
Non Current Liabilities – Loans	0	2,675
Loans Outstanding at 30 June 2005 – Current Capital Value	2,667	2,733

(b) Loan Maturity Profile – Face Value	2004–05 \$'000	2003–04 \$'000
Payable within one year	2,651	50
Payable between one and two years	0	2,651
Payable between two and five years	0	0
Loans Outstanding at 30 June 2005 – Face Value	2,651	2,701

As at 30 June 2005, the Authority's loan portfolio consisted of \$2,651,490 in fixed interest loans. The weighted average effective interest rate for 2004–05 has been calculated at 10.87% (10.86% in 2003–04).

All loans outstanding are repayable to NSW Treasury Corporation. The market value (net fair value) of these loans at 30 June 2005 was \$2,773,247 (\$2,956,920 at 30 June 2004).

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 premises at Level 14, St Martins Tower, 31 Market St, Sydney. During 2003-04, the agreement was renewed for a term of six years commencing 1 January 2005 with a renewal option from 1 January 2011. The expenditure commitments for the minimum lease payments over the remaining terms of these leases are:

Office Lease Commitments	2004-05 \$'000	2003-04 \$'000
Payable within one year	56	101
Payable between two and five years	633	510
Payable after five years	79	76
Total Office Lease Commitments	768	687

(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 Improvement Program. The amount contracted for at balance date but not recognised in the accounts as a liability is:

Property Maintenance Commitments	2004-05 \$'000	2003-04 \$'000
Payable within one year	937	684
Total Property Maintenance Commitments	937	684

(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:

Capital Commitments	2004-05 \$'000	2003-04 \$'000
Payable within one year	1,070	719
Total Capital Commitments	1,070	719

13. PROVISION FOR EMPLOYEE BENEFITS

Provision for Employee Benefits – movement	2004–05 \$'000	2003–04 \$'000
Balance at 1 July 2004	212	344
Increase/(Decrease) in Provision	(118)	(132)
Provision for Employee Benefits at 30 June 2005	94	212
Represented in the Statement of Financial Position:		
Current Liabilities	125	98
Non Current Liabilities	488	432
Non Current Assets – Prepaid Superannuation	(519)	(318)
Provision for Employee Benefits 30 June 2005	94	212

Aggregate Employee Benefits – dissection	2004–05 \$'000	2003–04 \$'000
Recreation Leave	125	98
Long Service Leave	488	432
Accrued Salaries and Wages	0	36
Prepaid Superannuation	(519)	(318)
Aggregate Employee Benefits 30 June 2005	94	248

Note to Superannuation

The assessed gross superannuation liability as at 30 June 2005 less funds held in the reserve accounts of the SAS Trustee Corporation (including accrued interest), represents the Authority's unfunded or prepaid employers superannuation position. The following table provides a dissection for each of the superannuation schemes contributed to:

Superannuation Scheme	SASS \$'000	SANCS \$'000	SSS \$'000	2004–05 Total \$'000
Gross Superannuation Liability	24	125	1,198	1,347
Employer Reserve Balance	(55)	(207)	(1,604)	(1,866)
Unfunded/(Prepaid) Amount	(31)	(82)	(406)	(519)

SASS – State Authorities Superannuation Scheme.

SANCS – State Authorities Non-Contributory Superannuation Scheme.

SSS – State Superannuation Scheme.

The Authority's gross superannuation liability as at 30 June 2005 has been advised by Pillar Administration and has been calculated using economic assumptions determined by independent actuary, Mercer Human Resource Consulting Pty Ltd during the 2004–05 financial year. These assumptions are detailed within the following table:

Key Actuarial Assumptions in Determining the Gross Superannuation Liability	2004–05 %	2005–06 %	2006–07 %
Rate of Investment Return	7.0	7.0	7.0
Rate of Salary Increase <small>(Includes a promotional scale)</small>	4.0	4.0	4.0
Rate of CPI Increase	2.5	2.5	2.5

14. DEBTS WRITTEN OFF

Debts Written Off Comprise:	2004-05 \$'000	2003-04 \$'000
Uncollectable rental account debts [Note 8(a)]	37	9
Total Debts Written Off	37	9

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

15. NOTE TO THE STATEMENT OF CASH FLOWS

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 7.

Reconciliation of Net Cash Flow from Operating Activities With Operating Surplus	2004-05 \$'000	2003-04 \$'000
Operating Surplus	1,667	1,918
Non Cash Expenses/(Revenues):		
Depreciation	2,483	1,864
Amortised Premium/Discount on Loans	(16)	(8)
Loss/(Gain) on Disposal of Non Current Assets	(3)	(129)
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Payables	480	(101)
Decrease/(Increase) in Receivables	176	57
Increase/(Decrease) in Provisions	(118)	(132)
Net Cash Flow from Operating Activities	4,669	3,469

16. RETAINED EARNINGS

Retained Earnings – movement	2004-05 \$'000	2003-04 \$'000
Balance at 1 July 2004	68,341	66,197
Changes in Equity – Other than transactions with owners as owners Operating Surplus for the Year	1,667	1,918
Changes in Equity – transactions with owners as owners Transfer from Asset Revaluation Reserve [Note 17]	151	226
Balance at 30 June 2005	70,159	68,341

17. ASSET REVALUATION RESERVE

Asset Revaluation Reserve – movement	2004-05 \$'000	2003-04 \$'000
Balance at 1 July 2004	45,959	11,464
Changes in Equity – other than transactions with owners as owners Net Increment (Decrement) on Revaluation [Note 9(a)]	(923)	34,721
Changes in Equity – transactions with owners as owners Transfer to Retained Earnings – Disposed Properties [Note 16]	(151)	(226)
Balance at 30 June 2005	44,885	45,959

18. CONTINGENT LIABILITY

The Authority is unaware of any significant contingent liabilities as at 30 June 2005.

[END OF AUDITED FINANCIAL STATEMENTS]

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ACCESS TO SERVICES

STREET ADDRESS

Level 14, 31 Market Street
Sydney NSW 2000

POSTAL ADDRESS

PO Box Q339
QVB POST SHOP NSW 1230

KEY TELEPHONE NUMBERS

Switchboard	(02) 9260 2000
General Manager	(02) 9260 2001
Director Business Operations	(02) 9260 2002
Financial Controller	(02) 9260 2006
Manager Property and Construction	(02) 9260 2003
A/Manager Tenancies	(02) 9260 2011
Senior Tenancy Officer	(02) 9260 2015
Manager Planning and Liaison	(02) 9260 2025
Toll Free	1300 137 343
Facsimile	(02) 9261 4227

TENANCY OFFICERS

North (Far North West, North West and North Coast)	(02) 9260 2013
Central (Far Central West, Central West and Mid North Coast)	(02) 9260 2012
South (Far South West, Riverina and South Coast)	(02) 9260 2014
Rental Accounts (private tenants/direct payers)	(02) 9260 2018

EMAIL

thastaff@tha.nsw.gov.au

INTERNET

www.tha.nsw.gov.au

BUSINESS HOURS

Monday to Friday 8.30 am–4.30 pm

