

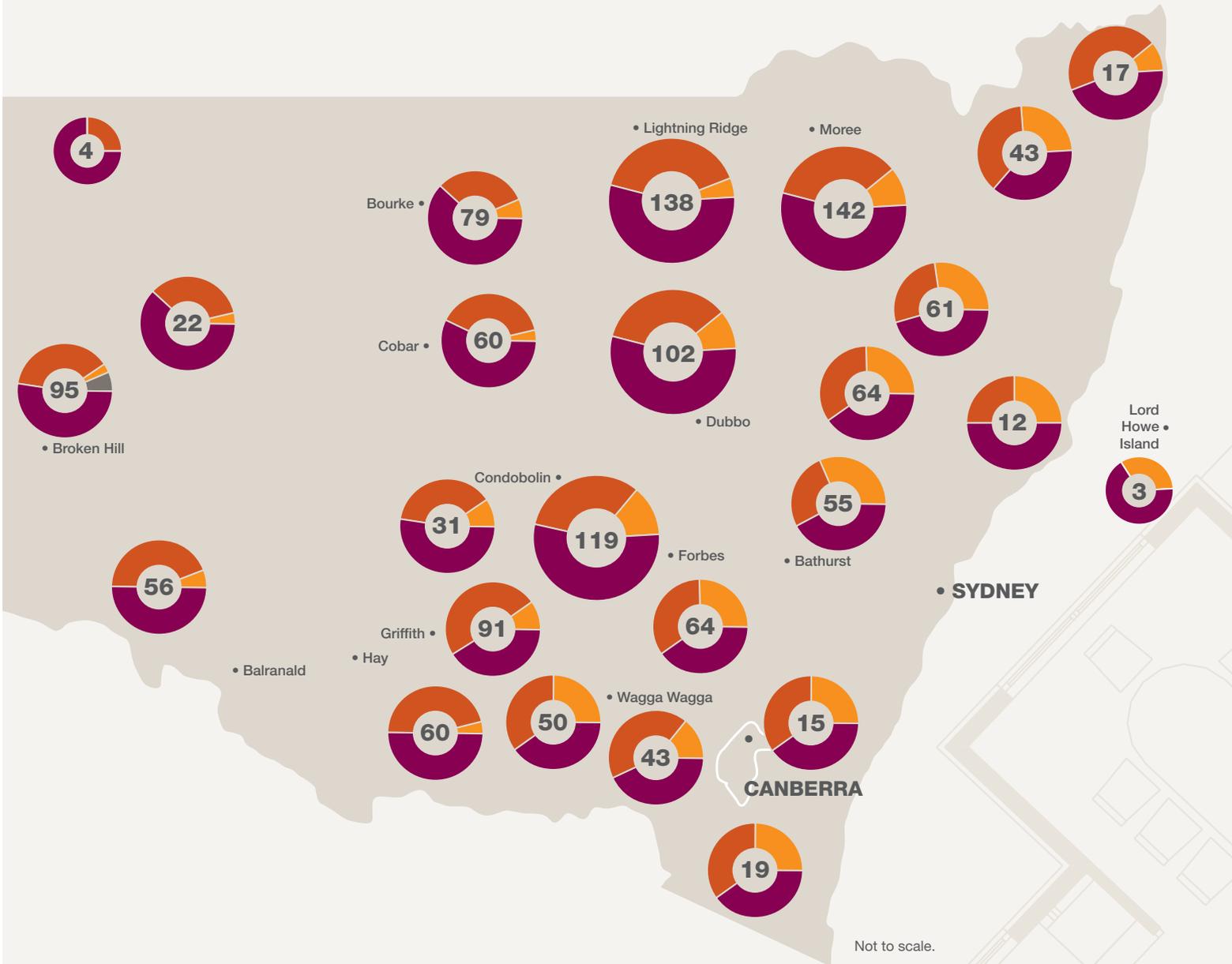


Teacher
Housing

2011/12 ANNUAL REPORT



Where we are



This depicts the locations in which the THA provides housing.

Key:

- Furnished Units
- Houses
- School Residences
- Head-Leased

The Hon. Greg Pearce, MLC
Minister for Finance and Services
Minister for the Illawarra
Level 36 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

On behalf of the Teacher Housing Authority of New South Wales (THA), we take pleasure in presenting the following report on the THA's activities for the year ending 30 June 2012 for tabling in Parliament.

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

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

Yours sincerely,



Ken Kanofski
Chair

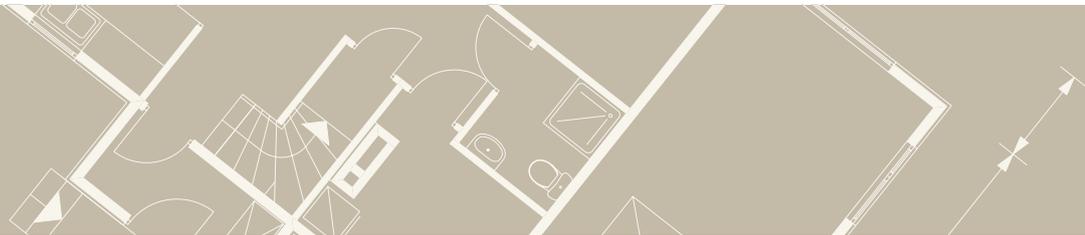


Philip Shelley
General Manager

31 October 2012

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Mission

To provide an economic, effective and efficient housing service to teachers in areas where the needs of teachers cannot be met by the private rental market.

Vision

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

The THA's key result areas are:

- Tenancy Management
- Asset Management
- Financial and Strategic Management.

Goals

The THA's goals are to provide:

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

Charter

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

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

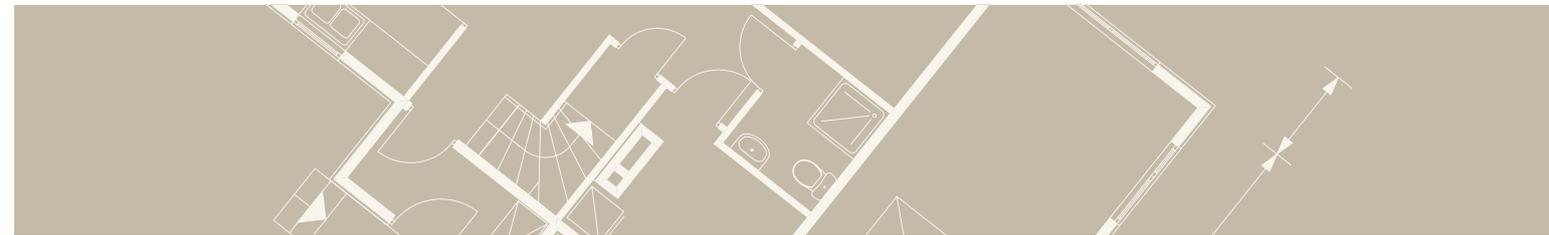
- initiates, promotes, commissions and undertakes surveys and investigations into the housing needs of teachers;
- undertakes, promotes and encourages research into the design, construction and maintenance of housing suitable for teachers;
- plans the provision of a comprehensive and coordinated housing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

Achievements in 2011–12

Achievements	
Revised and implemented the Housing Eligibility and Allocation Policy to include accommodation specifically allocated to temporary teachers – a growing demographic	12
Completed the construction of 19 residences, commenced works on a further 18 with another seven to deliver quality accommodation to teachers in rural and remote NSW	15
Disposed of 29 planned properties contributing \$3.4 million towards capital expenditure of \$7.5 million	40
Hosted a conference for local housing representatives – a key stakeholder group	9
Developed and implemented a maintenance plan based upon the location and condition of properties	16
Renewed agreements with managing agents ensuring continued customer service	10
Revised the tenant handbook in a clear and concise format with tenants' needs in mind	12
Entered into an agreement with TAFE to construct single-bedroom studio-units for small and isolated schools whilst providing TAFE students with valuable hands on training	18



Inspecting newly completed units for temporary teachers at Brown St Broken Hill. From left to right: a representative from Barlow Builders; Ken Kanofski, Chair of the THA Board; Glenn Downie, Representative of the Dept Education and Communities; Denis Armstrong, School Education Director, Lachlan Region Western NSW; Sharnah Harriman, Tenancy Services Manager; Laura Brace, Project Communications Coordinator; Prue Bolton, Executive Officer; Trish Webb, School Education Director, Western Region NSW; Philip Shelley, General Manager.



Chair's Report

The THA has had a successful year, providing housing to more than 1350 teachers in rural and remote NSW, where the needs of teachers cannot be met by the private market. This housing is vital to the provision of education services in these areas.

Throughout the year the THA focused on its key result areas of improvements in customer service and asset management, coupled with sound financial management.

The customer service index, which measures service quality, is now in its fourth year. The key results were overall satisfaction with the service provided by THA at 77% and that provided by the managing agents at 67%. Particularly pleasing is the service provided to teachers who are new to the THA. Being new to a rural and remote location can be a daunting time for a teacher – particularly early in their career. As such, the service the THA provides to teachers is crucial to them having a positive experience soon after their arrival in a new community.

Overall we constructed 19 new residences including ten single-bedroom units in Broken Hill, upgraded 83 more and progressed with the Eco Village to near completion.

This included developing accommodation specific to the needs of temporary teachers.

Financially, the THA reported a deficit of \$4.8 million for the financial year, against a budgeted deficit of \$2.8 million. Contributing factors to this disappointing result were: lower than expected rental incomes (\$450K), higher expenditure on property maintenance (\$1.1 million) and non-cash superannuation provisions adjustment (\$800K). The challenge in future years is to improve budgetary controls.

I would like to acknowledge the valuable contribution of the previous Chair Anne Skewes and Board Member Owen Hasler, who retired in December, as well as extend a welcome to Deb Marten who joined the Board in January. I also acknowledge the work and contributions of my fellow Board Members.

Finally, I would like to extend my appreciation to the staff at the THA who continue to be hard working and enthusiastic in their endeavours to provide a quality service that supports the educational needs of children in regional and rural areas of NSW.



Ken Kanofski

Chair

Teacher Housing Authority – NSW

The Board



Ken Kanofski



Anne Skewes



Mark Byrne

Chair (part-time)

Nominee of the Director-General of the Department of Finance and Services

Ken Kanofski B. Bus, MBA, CPA, MAICD

(from October 2011 – present) (ex-officio)

Executive Director, Housing & Property Group, Department of Finance and Services

Nominated by the Director-General, Ken Kanofski is Executive Director of the Housing and Property Group, a business unit within the NSW Department of Finance and Services (DFS). Ken is a member of the DFS Executive team and reports to the Director-General of the Department.

The group which has around \$32 billion in assets, \$1.5 billion revenue and 750 employees, includes: NSW Land and Housing Corporation (public housing), State Property Authority, Teacher Housing Authority and the Waste Assets Management Corporation.

The Housing and Property group focuses on professional and economic asset management and utilisation.

Ken's previous roles include ten years as CEO of WSN Environmental Solutions (a State Owned Corporation) and three as the Director of Business Services at the Sydney Harbour Foreshore Authority – formerly the Darling Harbour Foreshore Authority.

With a background in government businesses Ken brings extensive commercial acumen to the Housing and Property Group.

Other previous board memberships include Environment Business Australia and South West Inner City Housing.

Chair (part-time)

Anne Skewes B. B.SC, Grad Dip App Soc Psych; MA

(from June 2011 – October 2011)(ex-officio)

Deputy Director-General, Government Services Division, Department of Finance and Services

Anne's substantive role is the Deputy Director-General, Government Services at DFS. During Anne's period on

the THA Board her role oversaw ICT Strategic Delivery, NSW Procurement, ServiceFirst, State Fleet, Corporate and Shared Services Reform and the State Property Authority.

Prior to joining the Department of Finance and Services in 2009, Anne was Chief Executive Officer, State Property Authority and former Chief Executive of the Land Development Agency in the Australian Capital Territory. She has extensive experience as a senior executive in commercial government enterprises spanning three jurisdictions.

Anne is a director of the ac3 Pty Ltd Board and former member of the Internal Audit Bureau Board and the State Contracts Control Board.

Deputy Chair (part-time)

Mark Byrne MM, MBA

A/Director Resource Planning, Southern/Western Region, Housing & Property Group, Department of Finance and Services

Mark was appointed Deputy Chair of the Authority in January 2007 for a five year term. He was reappointed for a second, two year term which expires in January 2014.

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

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

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



Glenn Downie



Denis Armstrong



Katrina Jay



Owen Hasler



Deborah Marten



Philip Shelley

Members (part-time)

Glenn Downie Cert Clerk of Works & Dip Architectural Drafting

(ex-officio) **Director, Regional Asset Services, Department of Education and Communities**

Glenn Downie was nominated by the Director-General of the Department of Education and Communities and appointed to the Board in December 2009.

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

Denis Armstrong BA Education, Dip Ed School Education Director, Lachlan Region, Western NSW, Department of Education and Communities

Denis Armstrong was appointed to the Authority for a five year term in October 2009.

As school Education Director for the Lachlan Region in the state's far west, Denis has over 20 years experience in teaching and education administration. This includes seven years as Principal of three different schools prior to his current role as director.

Having lived in THA accommodation in Mudgee, Dunedoo and Coonamble, Denis brings an extensive knowledge of the needs and challenges facing teachers and the educational communities in rural and remote NSW.

Katrina Jay B Bus (Acc), Dip Ed, CA Manager, Strategic Planning, Western Institute of TAFE NSW, Department of Education and Communities

Katrina was appointed to the Authority in 2002, subsequently reappointed for a five year term in 2007 and then reappointed once more for a further two year term to January 2014.

Katrina is based in Orange and is the Manager, Strategic Planning with the Western Institute of TAFE NSW. Prior to her appointment to this position, she held a number of strategic managerial positions in TAFE institutes throughout western and northern NSW over a 20 year period.

Katrina was brought up and educated in rural and remote NSW. She manages educational programs in the state's far west, and brings a wealth of knowledge and understanding of issues facing the educational community in rural and remote NSW.

Owen Hasler BA, Dip Teach (to December 2011) **Organiser NSW Teachers Federation (NSWTF) (Retired)**

Owen was appointed to the Authority for a five year term in January 2007. His term expired in December 2011.

Owen has a background in teaching in rural and remote areas of the State. He commenced teaching at Corowa High School and Moulamein Central School in 1971; before moving to Gunnedah High School with his appointment as an English-History teacher. He was promoted to the position of Head Teacher, History, from 1991-2000.

Owen has been an active State Councillor and Executive Member of the NSWTF since 1987 and in 2001 was elected a Country Organiser for the Federation.

Having retired from the teaching service in 2010 Owen remained a Member of the Authority for the remainder of his appointment and was a strong advocate for teachers in rural and remote NSW.

Deborah (Deb) Marten BA, Dip Teach (From January 2012 – present) **Organiser NSW Teachers Federation (NSWTF)**

Deborah was appointed to the Board for a two year term in January 2012.

Deborah commenced teaching in a casual capacity at Finley High School, surrounding primary schools and Finley TAFE Campus in 1990 and became a permanent teacher at Finley High in 1998.

Since 2008 Deborah has been an Organiser with the NSWTF based in Wagga Wagga.

Brought up in the Riverina region of NSW and having taught in rural schools for many years, Deborah has an in-depth understanding of the unique needs of teachers and the challenges that face school teachers in country NSW.

Executive Member (full-time)

Philip Shelley B. Bus, Grad Dip Mgt, MBA

(ex-officio) **Appointed to the role of General Manager in June 2008.**

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

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

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

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

Board Membership

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

Of the four members appointed by the Governor:

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

Of the three ex-officio members:

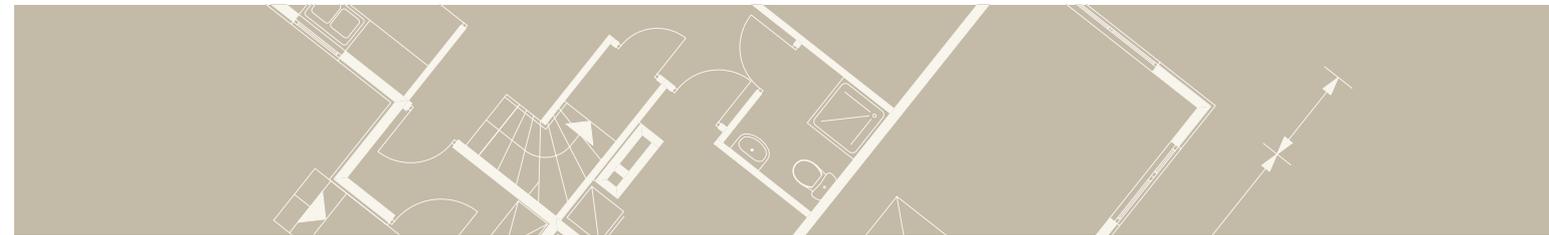
- one is the nominee of the Director-General of Department of Finance and Services (and is Chair of the THA);
- one is appointed by the Director-General of the Department of Education and Communities; and
- one is the General Manager of the THA.

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

Board Meetings

The Board met on five occasions, three of which were in rural locations being Dubbo, Orange and Broken Hill. All attendances were as follows:

Nature of appointment	Name	Eligible to attend	Meetings attended
Chair(s) (ex-officio)	Anne Skewes (July – October)	2	2
	Ken Kanofski (October – Present)	3	3
Deputy Chair	Mark Byrne	5	5
DEC Member (ex-officio)	Glenn Downie	5	5
DEC Member	Denis Armstrong	5	4
TAFE NSW Member	Katrina Jay	5	2
Teacher Member(s)	Owen Hasler (July – December)	3	3
	Deb Marten (January – Present)	2	1
Executive Member (ex-officio)	Philip Shelley	5	5



Related Entity

The THA is a related entity of the Department of Finance and Services (DFS). This allows the THA to access DFS' corporate support including business and administration systems, HR policies, employee development programs as well as matters concerning audit and risk, ministerial and executive services and legal counsel.

The THA shall from July 2012 submit reports to DFS for inclusion in agency cluster reporting to support DFS and the Minister with reporting to the Expenditure Review Committee (ERC) and Cabinet on behalf of all agencies which the Minister is responsible for.

Other matters concerning the THA's related entity status to DFS can be found in the following areas: stakeholders (page 25), staffing (page 25), human resources (page 29) and other activities (page 31).

Key Result Areas

Tenancy Services Management

Rents

Properties managed by the THA are tenanted and administered under the *Residential Tenancies Act 2010*. In accordance with policy that is approved by the Treasurer, the THA charges a market rent for each leased property.

To determine a market rent for each property the THA engages the Australian Valuation Office (AVO) to conduct an annual rental assessment. This involves a physical evaluation once every five years and conducting a desk-top assessment for the other years. A physical evaluation occurred in the 2011–12 financial year.

The 2012 rental review resulted in a rental increase for 68% of the THA properties, a decrease for 1%, and no alteration for the remaining 31%. The average rental increase across the whole portfolio reflected a 5.67% – a larger increase than prior years.

Of those properties that experienced a rental increase, one group, (52 properties) experienced an increase of more than \$50.00 a week. The Board determined that any increases in salary deductions from teachers' salaries were to be capped at \$50.00 week.

The THA otherwise approved the AVO's rental review. In accordance with the *Residential Tenancies Act 2010*: revised rental amounts applied to all new leases from 1 May 2012, continuing leases from 2 July 2012

(so as to comply with the 60 days notice required under the *Residential Tenancies Act 2010*) and to fixed term leases from the end of their fixed term. Rental decreases have an immediate effect and were applied on 1 May 2012.

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

Rental Subsidies

Rental subsidies are offered to teachers who teach in six transfer point and eight transfer point schools. These are schools the Department of Education and Communities (DEC) has considered it advantageous for the purpose of recruitment and retention to offer various benefits in addition to a teacher's salary so as to encourage teachers to teach in those schools.

A teacher appointed to a six transfer point school is entitled to a rental subsidy of 70% of the market rent of the THA property they lease and a teacher in an eight transfer point school is entitled to a 90% rental subsidy of the property they lease. The DEC pays the rental subsidy to the THA on the behalf of the teacher.

The THA administers this rental subsidy for teachers in THA accommodation on behalf of the DEC.

The subsidy does not apply to NSW TAFE teachers.

Head Leasing

In 2011, the THA began a trial of head leasing properties. Head leasing is an arrangement where the THA lease a property from the private market and sub-let that property to a teacher. The trial, which is ongoing, involves five properties, and is being conducted in Menindee, a community in the state's far west.

Menindee's Central School is entitled to apply for additional funding for programs on the grounds of low Socio Economic Status (SES). These programs generally involve teacher appointments beyond a school's establishment, as this additional funding is temporary in nature, so therefore are its associated teacher appointments. As such, it is difficult for the THA to justify capital expenditure to meet the teacher demands aligned with such programs.

Given the limited rental opportunities in the Menindee community, its low SES status and its isolation, it is an ideal location to conduct such a trial.

Local Housing Representatives

Being new to a rural or remote community can be a daunting time for a teacher – particularly early in their career. As such, support from another teacher, experienced in the local area and who has knowledge of the THA's procedures, is invaluable in terms of supporting that new teacher's accommodation needs upon arrival in their new community.

The THA oversees a network of Local Housing Representatives, who are teachers in rural and remote communities. They provide their time on a voluntarily basis and play an important role in communicating with the THA and its teacher tenants.

As well as welcoming and providing a point-of-contact for newly appointed teachers their role includes recommending tenancy allocations (particularly in relation to proposed sharing arrangements), keeping abreast of local teacher demands and liaison with the THA on policy matters and proposed capital programs.

To assist the representatives in carrying out their role the THA host a conference in Dubbo every two years with the most recent one held in August 2011. In opening the conference Anne Skewes, THA Chair, thanked the 60 attendees for their support, particularly those that are new to the role and may be attending the conference for their first time.

The conference addressed topics such as the initiatives in response to the customer survey (refer page 13), how the THA measures its responsiveness in terms of maintenance requests, changes to the tenancy legislation, a summary of major works in progress, properties that have been identified for disposal and the launch of the tenant welcome kit (refer page 12).

Guest speakers included; Kate McElhone, the architect behind the design of Broken Hill's Eco Village (refer page 33–35) and Peter Johnson, the Director Staffing Services at DEC, who addressed how incentive transfer points and rental subsidies operate (refer page 8) and outlined how teachers in rural and remote parts of the state can access information on the incentives they are eligible to receive.

The conference is a good forum for Local Housing Representatives to share ideas, meet their respective Tenancy Services Officer and discuss local issues concerning housing that may be relevant to their particular community. The next conference will be held in August 2013.

Local Housing Representatives operate in 47 communities throughout NSW and are listed in Appendix 1 on page 36.



From left to right: Chris Collins, LHR rep for Broken Hill, Neryl Wilson, Asset Manager, THA, at the Dubbo Conference.



From left to right: Gillian McKenzie, LHR rep for Coonamble, Chris Collins LHR rep for Broken Hill, at the Dubbo Conference.



From left to right: Sharnah Harriman, Manager Tenancy Services, and Neryl Wilson, Asset Manager THA, at the Dubbo Conference.

Managing Agents

During the year, the THA continued with its strategy of using local managing agents to provide a local management service to tenants on behalf of the THA.

Managing Agents receive an annual property management fee for each THA property they manage. Their role includes: holding keys, arranging maintenance, conducting property inspections, carrying out various administrative tasks and liaising with Local Housing Representatives, and the various operational areas within the THA.

Each year, Managing Agents are presented with an annual *Certificate of Partnership*, a framed certificate which they can display in their business indicating their affiliation with the THA.

As at June 2012, the THA had 78 individual managing agents. Seven THA properties are administered without a managing agent; these are Bigga (1), Lord Howe Island (3), Newbridge (1), Wambangalang (1) and Pearce's Creek (1).

From early 2009 the agreements between the THA and each Managing Agent were revised and updated. These agreements were for a three-year term with an option to extend the agreement for a further three-year term. The majority of these contracts have been extended, or are in the process of being extended whilst several managing agents were replaced on the grounds of poor performance.

The number of properties a Managing Agent may manage ranges from 154 (in 10 different communities) to a single property. Sourcing managing agents that provide a reliable and responsive service is essential to the THA's success.

The THA's managing agents and the location of their office are listed in Appendix 2 on page 37.

Vacancy / Occupancy Rate

Where a property is vacant due to lack of teacher demand, the THA (through its managing agents) lease that property to a private tenant.

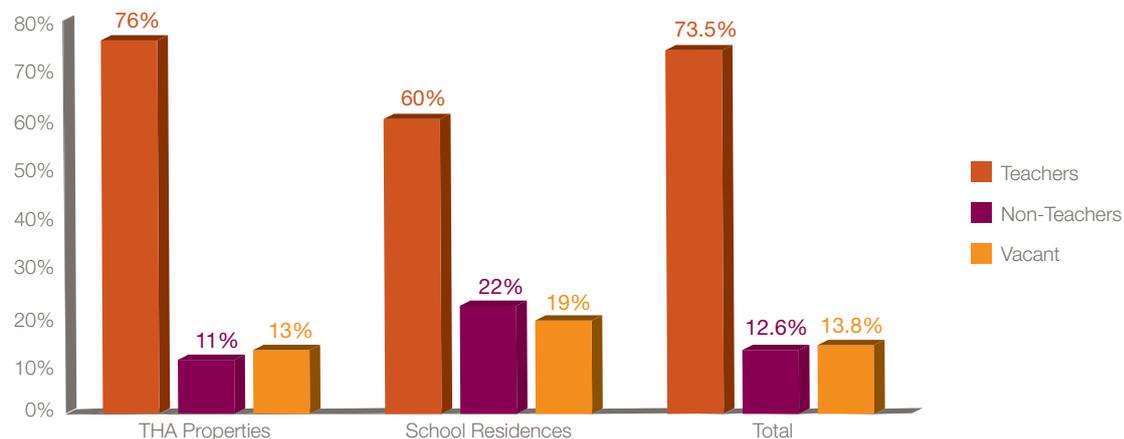
During the year the average occupancy rate declined from 87% to 85%. There are two reasons for this decline:

- the *Residential Tenancy Act 2010* which was introduced in January 2011. This new legislation lengthened the period in which a landlord must provide a tenant with notice to vacate from 60 days to 90 days.

So as a residence (not occupied by a teacher) can be available for a teacher at the beginning of a school year, the THA give all private tenants notice to vacate. Prior to 2011 notice was given at the beginning of November, under the new legislation notice is now given at the beginning of October.

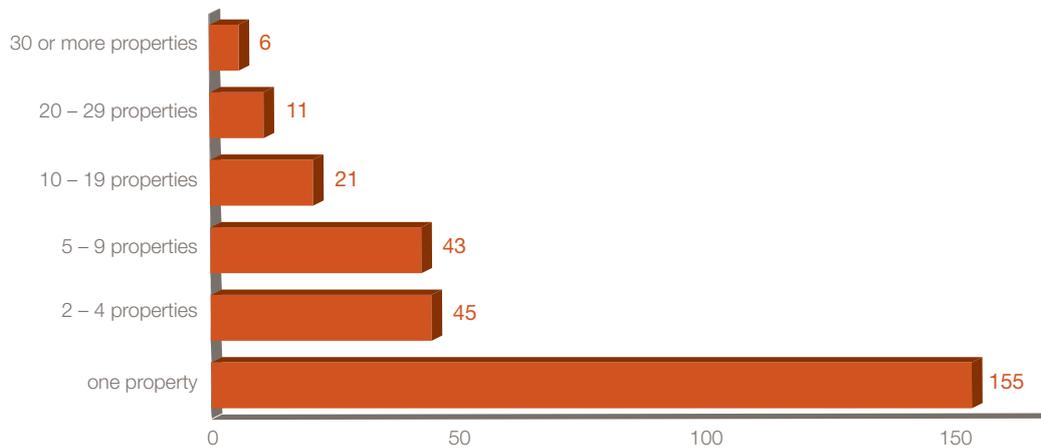
The allowance of an additional month may not appear to be significant; however as October is the month when schools become aware of their staffing needs for the next school next year, a school will often advise the THA in late October that a property would not be required for a new teacher the next year. This is beneficial as it allows the THA not to issue a vacation notice to a private tenant.

Occupancy Rates – June 2012



Community Presence

Number of communities where the THA has ...



Other factors influencing the vacancy rate includes:

- the difficulty in attracting good tenants to school residences that are not required by teaching staff and are situated in isolated localities;
- declining student enrolments in line with a decline in the population of some communities;
- a high tenant turnover rate, last year the THA issued 572 new leases, this turnover rate at 40%, accounts for a vacancy rate of 1.5% (assuming a two week tenant turnover);
- the number of residences that are held vacant for teachers (sometimes for lengthy periods), following advice from a school that an appointment to a school in the locality is imminent; and
- the need to leave some residences vacant pending disposal action.

Housing Demand

As at 30 March 2012, there were 258 unsatisfied applications for accommodation:

- 18 were recent applications that were being processed at the time;
- 13 applications were suitably housed in THA accommodation in the town they had been appointed to and were requesting to relocate to another THA residence in that town;
- 150 applications were from teachers who reside in private accommodation in the town they teach in and have applied to the THA to satisfy DEC's

requirements for obtaining a rental subsidy (63% of applications in this category relate to teachers residing in Broken Hill); and

- 77 (30%) longer-term applicants have not been satisfied, 37 of these are appointed to schools which attract 1 or 2 transfer points (these communities receive a lower priority in terms of meeting demand). A further 40 have requested their application remain active as they would like to be considered for THA accommodation should it become available, of these 18 are located in communities with schools that attract six and eight transfer points, the remaining 22 are in communities with schools that attract four transfer points.

Also included in this category are those teachers who currently reside in THA accommodation in another community to where they are appointed and those who are in THA accommodation which is inadequate for their family's needs.

Due to the individual nature of each teacher's needs, unsatisfied applications for accommodation are difficult to classify. Notwithstanding this, the data is collected twice a year at the end of November (so as to coincide with the end of the school year) and at the end of March (so as to coincide with the beginning of the school year).

This information is one of a number of factors used when considering the THA's Capital Program (refer page 15 and 19).



From left to right: LHR for Bourke Jarryd Archer, TSO Kerrie Curtis and Kylie Dunn (new tenant) during a recent field trip to the north of the state.

Field Trips

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

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

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

Temporary Teacher Accommodation

During the year capital works were completed on ten new single-bedroomed units in Brown St, Broken Hill. These units have been allocated to temporary teachers.

Being so isolated, Broken Hill's nine schools find it difficult to recruit temporary teachers. A lack of accommodation may mean that teachers who are prepared to accept a short term appointment, either put-up with inadequate housing or withdraw their interest in the position altogether.

As such this accommodation will be allocated to teachers on temporary appointments who are new to Broken Hill. These teachers are often associated with special programs or fill in while other teachers are on extended leave such as maternity leave. This furnished accommodation is available for teachers for up to one year, if they continue to teach in Broken Hill beyond this period they are required to find alternative accommodation, which may mean alternative THA accommodation or private accommodation.

Various DEC stakeholder groups were consulted in determining the policy and the arrangements regarding allocating this accommodation.

On 3 February 2012, Member for Murray-Darling John Williams MP opened the ten Brown Street units.

Revised Tenant Handbook

A new welcome kit which is provided to all new teacher tenants was launched at the Local Housing Representatives conference in August 2011 (refer page 9).

The kit includes a revised Tenant Handbook, re-written in a clear and concise format with a tenant's needs in mind, as well as a Teacher Housing pen, key-ring, forms (such as a maintenance request), a new tenant checklist and a pamphlet outlining the THA's guarantee of service to teachers.

The welcome kit is designed to allow a tenant to keep all material relating to their THA accommodation in one place. The new handbook can also be viewed and downloaded from the THA's website.



New THA Tenant Handbook

Customer Survey

The THA conducts an annual customer survey to measure customer satisfaction. This is the fourth year this same survey has been conducted, providing comparisons from year to year. This year the survey response rate was 31%, a reduction from 38% in 2011, 44% in 2010 and 38% in 2009.

Designed to measure overall service quality, the survey measures two customer segments; 'new tenants', those who have moved into a THA property in the past six months and 'established tenants', those who have lived in a THA property for more than twelve months.

Both segments receive the same survey. All new tenants are surveyed and a sample of 220 established tenants is selected from those who did not receive a survey the previous year. Each of the two segments has different needs.

New tenants apply on-line for accommodation, discuss their needs with THA staff, receive and accept an offer for a property and, once they arrive at their new home meet their managing agent for the first time. Established tenants generally have little contact with their agent and often less contact with the THA unless they seek advice or need to resolve a matter.

Further to the segmentation, the survey results are analysed so as to reflect the service that is provided by THA and the service that is provided by managing agents.

The survey determines the drivers of customer satisfaction by comparing customer expectations against their perception of the service they received. Comparisons are made across ten service-dimensions: courtesy, credibility, competence, reliability, accessibility, empathy, communication, tangibles, responsiveness and security.

Respondents rate the service they receive (out of ten) in each service-dimension. Once compiled overall measures of service quality are obtained by segment and service provider (THA or Managing Agent). Refer to the two following graphs.

The survey identifies which service-dimensions are the most important to the customer and in which service-dimension the service delivery is not meeting their expectation – allowing for a targeted response to specific service dimensions.

This year, overall satisfaction was stable and at a reasonable level among both segments for THA and managing agents. As in previous years, new tenants were more satisfied with the overall service provided by the THA than established tenants. Managing agents received a higher rating than the THA in accessibility and empathy (understanding the customer) and the service provided by the THA rated higher than that of managing agents across the remaining eight service dimensions.

Satisfaction with maintenance, in terms of meeting expectations has declined for managing agents, impacting the overall satisfaction with this service provider.

Areas of the service which can best improve overall service quality are:

- improving the cooling facilities;
- increasing the awareness and knowledge of the local housing representative;
- improving the responsiveness of the a managing agent to non-urgent maintenance; and
- increasing the awareness of the managing agent in understanding their responsibilities.

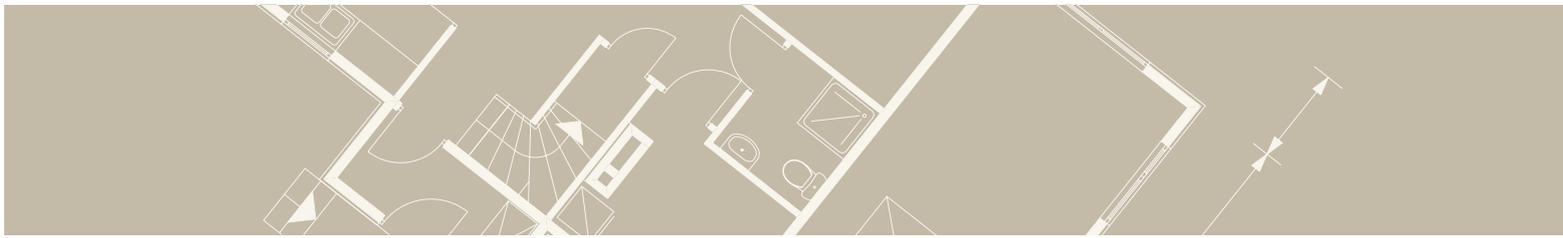
A number of initiatives have been designed to address these areas in the 2012–13 financial year.

Specific areas of service that are important to the customer and where the service provided meets expectations are:

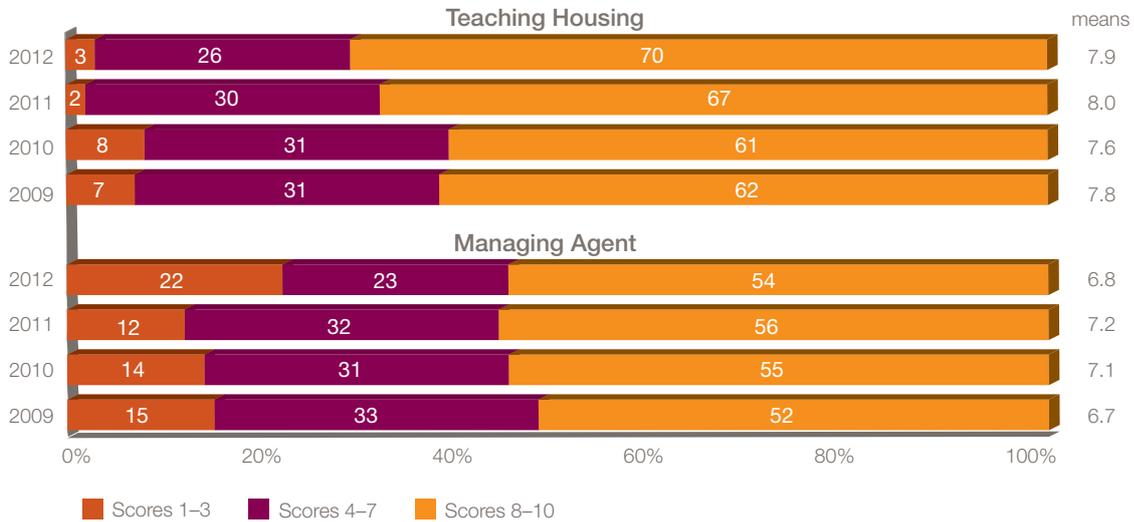
- the responsiveness of THA staff in addressing tenant requests;
- that the website is easy to use;
- the responsiveness of managing agents when a tenant moves in; and
- the responsiveness of managing agents in arranging urgent repairs and maintenance.

In general, a THA property meets a tenant's expectations and is considered to be value for money. This is the first year this expectation has been met – a result consistent with steady improvements in maintenance and the overall quality of a THA residence itself.

The full results of the 2012 survey and the survey itself can be found on the THA website.

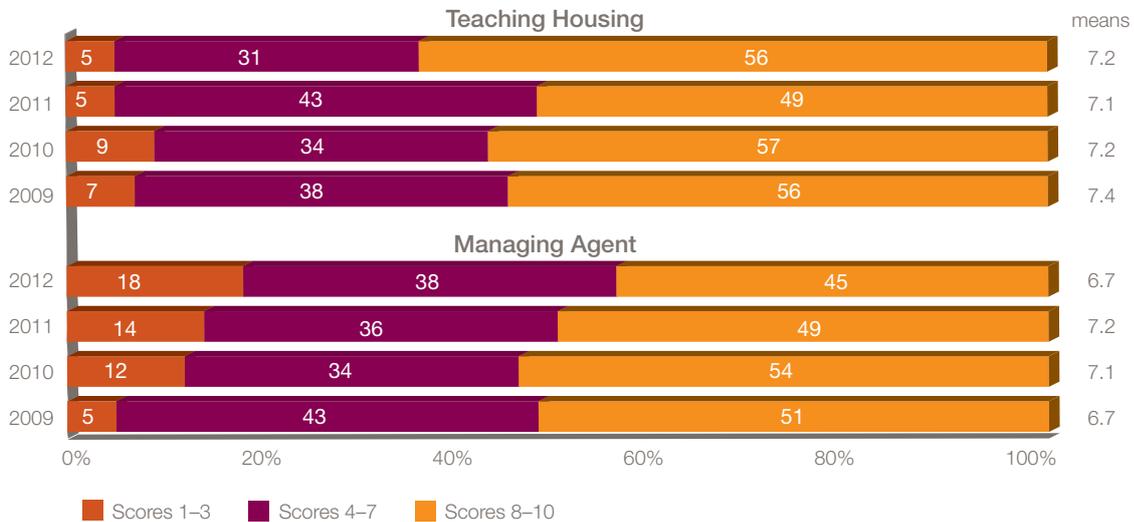


Overall Satisfaction – New Tenants



We'd like you to rate, in an overall sense, the THA and your Managing Agent in terms of how satisfied you are.
Base: All new tenants; (Wave 1 New Tenants n=115) (Wave 2 New Tenants n=155); (Wave 3 New Tenants n=125); (Wave 4 New Tenants n=120)

Overall Satisfaction – Established Tenants



We'd like you to rate, in an overall sense, the THA and your Managing Agent in terms of how satisfied you are.
Base: All Established Tenants; (Wave 1 Old Tenants n=72); (Wave 2 Old Tenants n=105); (Wave 3 Old Tenants n=81) (Wave 4 Old Tenants n=60)

Asset Management

At 30 June 2012 the THA's portfolio had a market value of \$160 million and consisted of 1494 properties in the following classifications:

- 716** Houses (including 179 School Residences and five head-leased properties)
- 722** Furnished units
- 18** Work-in-progress (houses or units)
- 38** Parcels of vacant land

With a presence in 286 different communities the THA has an average of five properties in each community it services.

Capital Program

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

During the year, one house and 18 units were constructed or acquired (refer Appendix 3 on page 39).

Work-in-progress on capital projects at the end of the year included 18 residences (refer Appendix 4 on page 39). Projects are not considered work-in-progress until expenditure has been incurred – beyond the acquisition of land.

In addition to residences considered work-in-progress, a further seven were in the early stages of planning and had not incurred expenditure.

Property Purchases

During the year, the THA acquired the following: a refurbished house at Collarenebri for* \$73,408, and property at Menindee and Coonamble for \$66,105 and \$117,030 respectively. The houses at Menindee and Coonamble were not fit for occupation and will be demolished in order for a house to be built at Menindee and two new four-bedroom houses to be constructed at Coonamble.

* Includes outgoing costs.

Heritage Assets

As at 30 June 2012, there were four DEC owned school residences managed by the THA that had been entered into the DEC's S170 Register as items of local and state heritage significance (listed on a local council's Local Environment Plan). These school residences are in Crookwell, Laggan, Quambone and Nundle.

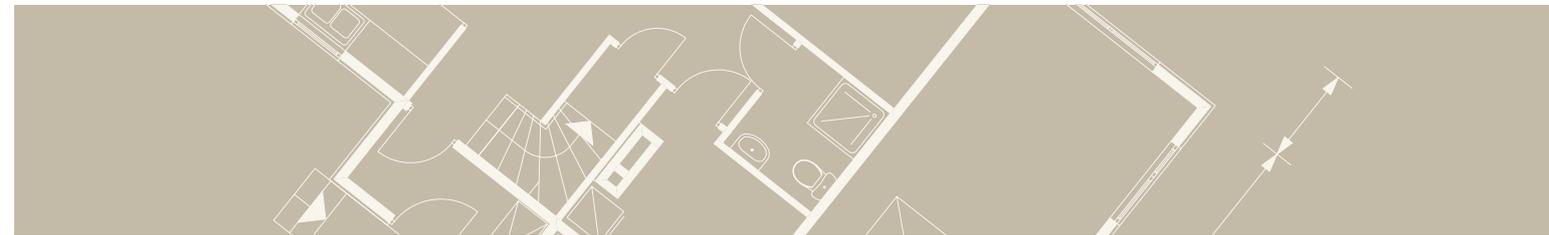
Also as at 30 June 2012, the THA owned three properties registered under S170. These properties are in Dalgety, Merriwa and Gulgong.



Construction of the Eco Village units at Sulphide St, Broken Hill.



From left to right: THA Board and staff with Local Housing Representative for Wilcannia Elise Robinson.



Asset Disposal

The THA monitors the condition and status of its portfolio to identify properties that have reached the end of their economic life or are otherwise surplus to the THA's needs. This allows for a progressive withdrawal from locations where there is a lack of demand for THA accommodation and/or an adequate and viable private rental market.

The proceeds from the sale of Authority properties are retained by the THA and fund the Authority's activities – including capital works.

During the year the THA developed a property disposal policy which provides for the sale of assets at market value.

The Authority has an exemption from Premiers Memorandum M2003–03 Property Disposal Reforms.

The gross proceeds for 29 properties sold during the year amounted to \$3,433,146, refer to Appendix 5 on page 40.

Maintenance

With the exception of servicing air-cooling units the THA does not have specific maintenance agreements in place. Instead, Maintenance is accounted for as either refurbishment maintenance or responsive (or contingency) maintenance.

During the year refurbishment projects were undertaken in the following communities: Nyngan; Brewarrina; Culcairn, Henty and Lockhart; Bombala; Bonalbo and Woodenbong; Boggabri; Temora, Ardlethan and Aria Park; Baradine; and Booligal. School Residences: Bourke and Enngonia; Cudal; Tooraweenah; Wyangala Dam; Naradhan; Urbenville; Mendooram; Dunedoo; Khanooban; Coleambally; Darlington Pt; Yenda; and Tarago

Property refurbishment continues to be a key strategy in providing a good standard of accommodation for teachers. The THA conducts property refurbishments in line with a maintenance plan which has been developed using condition based property assessments conducted in 2011.

The maintenance plan is based upon the following principles:

- an overall broad measurement is applied to each property based upon a predetermined weighting system;
- geographical regions are reviewed so as to identify those areas most in need;
- as maintenance (refurbishment and responsive) is conducted the condition of each property is updated in the Authority's operating system;
- the present maintenance plan identifies future refurbishment programs up to the 2018 financial year (based upon forecast expenditure); and
- a process for determining the ageing or amortisation of many of the items assessed so as to ensure the database accurately reflects the asset condition in the future (this component is presently work in progress).

The THA will, when conducting refurbishments, review all properties within a community so as to benefit from economies of scale.

Responsive (or contingent) and emergency maintenance is, in most instances arranged by Managing Agents (refer page 10) with expenditure approved by the THA. To assist in providing a responsive maintenance service Managing Agents are provided with funds in advance (held in trust) and are able to approve expenditure on items of responsive maintenance up to the value of \$1,250 per property per instance.

The THA's objective is to reduce the reliance on responsive maintenance and increase the focus on refurbishment maintenance – a challenge given that responsive maintenance is a key driver of customer service.

Refurbishment maintenance generally provides for a higher level of trade supervision than responsive maintenance.

Expenditure on refurbishment programs in 2012 was \$4.471 million with a further \$1.427 million on refurbishing DEC owned school residences – a DEC funded program. Expenditure on responsive maintenance in the year was \$4.444 million.

In 2012, the THA continued to focus on the reporting of its responsiveness in terms of meeting specific timeframes, a critical area for customer satisfaction.



A 3-bedroom school residence in Trangie, a town located in central NSW situated on the Mitchell Highway.



Kamilaroi Highway, in February 2012 during the floods.

This work is ongoing. The THA acknowledges that it is difficult to track record and measure responsive maintenance, given Managing Agents' ability to arrange for minor repairs on the THA's behalf without the THA being aware an item of maintenance was conducted until after the works have been completed.

During the year the THA acknowledged:

- the need for targeted maintenance expenditure for the upgrade of security measures to residences in key communities, and
- the upgrade of TV aerials or the provision of satellite dishes to ensure all properties will receive a digital television broadcast. This is in line with the Federal Government's Digital Ready program which involves the closure of analogue transmission.

These programs will form part of the THA's 2013 refurbishment program.

Project Management

The THA outsources project management to suitably qualified project and construction managers. They provide design, documentation and supervision services for capital and refurbishment projects.

In appointing project and construction managers the THA obtains quotes from experienced providers (including NSW Public Works) on a project by project basis.

There are occasions where the THA may directly appoint NSW Public Works without obtaining competitive quotes. This decision is made in light of the nature and location of the works.

The Government Architect's Office was appointed the project and construction manager for the Eco Village project in Broken Hill (refer Eco Village, page 33). The Office appointed NSW Public Works to oversee the construction aspects of the project. On this occasion, NSW Public Works reported to the Government Architect's Office.

For smaller refurbishment projects such as a single property, the THA obtains quotes from suitable contractors and manages the appointed contractor 'in-house' i.e. without appointing a project manager. Such works are generally below \$150K.

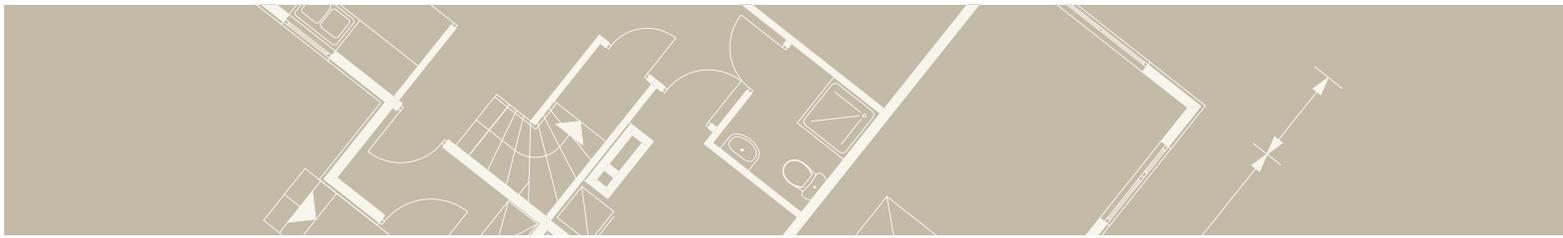
Properties affected by Floods

The floods in the Riverina affected seventeen THA properties in eleven communities. The majority of the damage involved minor works such as carpet replacement, plumbing repairs to drains and septic-tanks, air-conditioning units, etc. The majority of the THA properties affected remained habitable. Due to the nature of the damage some of the repairs were still to be conducted as at 30 June 2012, as such several insurance claims relating to the damage from the floods will be claimed in the 2013 financial year.

Where a THA tenant did need to move out of their home the THA managed to find them alternative THA accommodation. In addition to this the THA leased several properties to teachers and private tenants whose houses were flooded.

The properties affected were in Beckom, Binya, Narrandera(2), Ungarie(3), Yenda, Yoogali, Finley(4), Urana, Clare, Coleambally and Ardlethan.

Fortunately THA properties in the north of the state avoided damage from the floods that devastated communities on the Namoi, Gwydri and Barwon Rivers.



Pre-apprentice students from Dubbo TAFE Campus constructing a studio unit for Clare Public School.



A School Residence at Wellington.

Studio Units

The year saw the initiation of a program to provide facilities to meet short-term accommodation needs of teachers at schools in isolated areas.

The THA's present business model relies upon leasing properties on a permanent basis which may not suit the needs of support teachers who might only require accommodation for a few nights a week.

The availability of short-term accommodation in isolated areas is limited and in many cases non-existent. As such support teachers may stay with the existing teacher or travel long distances. These studio units, equipped with a bathroom and kitchen, form part of the existing teachers property which they lease from the THA. They allow the existing teacher another option for accommodating visiting teachers.

The first of these units was supplied during the second school term to Yetman Public School, a small community on the Bruxner Highway 44kms from Texas on the Queensland border.

A second unit identified for Clare Public School was under construction at the end of the financial year. This unit was being constructed by TAFE students at the Dubbo Campus. Under the direction of two TAFE teachers, 16 students worked on the project with the help of a locally-based building company, Harnett Transportable Homes.

TAFE students have the opportunity to participate in a project which Dubbo TAFE is able to deliver at a competitive price. This experience gives the students an advantage when applying for jobs and the skills needed for this type of work.

The THA has Dubbo TAFE committed to a second project. This unit is destined for Wanaaring Public School, a community some 200 kms west of Bourke in the state's far north-west.

Dubbo TAFE is able to construct a studio unit within a six-month semester and the THA expects to be able to continue this arrangement for the next three years.

School Residences

The THA manages residences owned by the Department of Education and Communities (DEC). These residences are located on school sites. There were 179 DEC owned School Residences managed by the THA as at 30 June 2012.

Given these properties are located on land owned by the DEC and the land is not zoned for residential use the DEC is unable to vest or transfer these properties to the THA. Instead the THA manages them on behalf of the DEC.

Many of these are aged properties, built at the same time as the school. Following a review of the occupancy and possible future use of these properties the Minister for Education approved the return of 98 residences to the DEC for disposal or an alternative use. During the year, the THA returned the following 18 School Residences to the DEC's administration:

- Bendick Murrell
- Eumungerie
- Geurie
- Meadow Flat
- Bellbrook
- Mallanganee
- Nymboida
- Ulong
- Kentucky
- Ben Lomond
- Wongwibinda
- Berrigan
- Savernake
- Tharbogang
- Wallendbeen
- Illabo
- Bemboka
- Breadalbane.

Financial and Strategic Management

Financial Performance

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

The 2011–12 result was a deficit of \$4.843m, which was \$2.093m higher than budget. Operating revenue totalled \$16.359m and included a rental income of \$9.983m. The contribution received from the State Government totalled \$5.583m which was in accordance with the THA's budget appropriation for 2011–12.

Operating expenses totalled \$21.202m which was \$1.599m higher than budget. This resulted from a combination of a higher than budgeted Responsive Maintenance, unfavourable movement in Superannuation reserves under Personnel services expense, a loss on disposal of assets and a positive variance in Borrowing costs and Other Administration Expenses.

Property Maintenance expenses were \$1.115m over budget. Responsive Maintenance was \$0.556m over budget and the most significant increases occurred in Electrical, Pest Control, Ground yard maintenance and Furniture, Fixtures & Fittings.

Property Refurbishment Program (PRP) totalled \$4.471m against a budget of \$3.912m. A number of projects were in progress and will be included in the 2011–12 PRP budget. Commitments for PRP as at June 30, totalled \$0.645m.

Capital Program

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

The net cash outflow from the THA Capital Program totalled \$4.172m for 2011–12. This represented a decrease of \$2.820m on the budgeted outflow of \$6.992m.

Net proceeds from the sale of 29 properties totalled \$3.278m.

Land Owned or Occupied

The value of land owned or occupied as at 30 June 2012 was:

	2011–12 \$'000	2010–11 \$'000
Vacant Land	629	706
Residences	27,927	28,904
Total land owned or occupied	28,556	29,610

The THA revalues each class of property at least every five years and the latest revaluation was completed on 30 June 2012 by an independent valuer.

Account Payment Performance

Across the year, the THA paid an average 89 percent of its creditors (92 percent of small businesses) within 30 days of receipt of invoice. Timeframes may vary depending on contractual and other agreements.

Credit Card Certification

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

Key Performance Indicators

The THA reviews KPI's and benchmarks annually, so as to ensure they are aligned with the THA's strategic objectives. During the year the THA acknowledged:

- progress in the area of maintenance reporting, noting that a revised methodology for measuring this crucial area of customer service was work-in-progress;
- the decline in the occupancy rate as a result of less private tenants;
- considerable improvements were made in the delivery of capital projects over the past five years resulting in an average delivery (for projects completed in the year) of 64 weeks from the budget approval date; and
- the encouraging stable results of the customer survey (refer page 13).

The KPI's for the year are included in the operational trend analysis on following pages.

Operational Trend Analysis

Five Year Trend

Key Financial Results	2011-12 \$'000	2010-11 \$'000	2009-10 \$'000	2008-09 \$'000	2007-08 \$'000
Financial Performance					
Revenue	16,359	16,619	16,293	15,281	14,842
Expenses	21,202	20,658	17,428	15,668	14,013
Operating Result	(4,843)	(4,039)	(1,135)	(387)	829
Included in Operating Result:					
State Government Contribution	5,583	5,473	5,370	5,265	5,115
Grant from DEC	600	600	600	4,361	600
Borrowing Costs	90	0	0	0	0
Financial Position					
Assets	161,901	151,382	153,412	152,722	146,198
Liabilities	* 8,010	2,032	1,786	4,749	1,539
Net Assets	153,891	149,350	151,626	147,973	144,659
Financial Analysis					
Current Ratio	0.51 : 1	0.60 : 1	5.76 : 1	5.62 : 1	3.4 : 1
Total Debt to Total Assets	* 4.9%	1.3%	1.2%	3.1%	1.1%
Total Assets to Equity	105.2%	101.4%	101.2%	103.2%	101.1%
Return on Assets	-2.1%	-1.2%	-0.2%	0.1%	0.6%
Return on Assets (Underlying)	-5.6%	-4.7%	-3.6%	-3.3%	-2.9%

* T Corp loan of \$5m

Performance Against Budget

	2011–12 Actual \$'000	2011–12 Budget \$'000	2011–12 Variance \$'000	2012–13 Budget \$'000
Management Operations				
Revenue				
Rental Income	9,983	10,420	(437)	10,984
Grant from DEC	600	600	0	600
Government Contribution	5,583	5,583	0	5,705
Investment and Other Income	193	250	(57)	163
Total Operating Revenue	16,359	16,853	(494)	17,452
Expenses				
Property Maintenance	8,915	7,800	(1,115)	7,150
Refurbishment of School Residences	1,427	1,414	(13)	600
Property Rates	1,894	1,854	(40)	1,873
Borrowing Costs	90	263	173	244
Property Leasing	52	45	(7)	54
Personnel Services Expenses	3,142	2,500	(642)	2,486
Other Administration Expenses	2,561	2,827	266	2,284
(Gain)/Loss on Asset Disposals	193	0	(193)	0
Depreciation	2,928	2,900	(28)	5,500
Total Operating Expenses	21,202	19,603	(1,599)	20,191
Operating Surplus/(Deficit)	(4,843)	(2,750)	(2,093)	(2,739)
Capital Program				
Receipts				
Asset Disposal Proceeds	3,280	2,250	1,030	1,500
Total Capital Receipts	3,280	2,250	1,030	1,500
Payments				
New Works	7,452	9,216	1,764	3,591
Other	0	26	26	0
Total Capital Payments	7,452	9,242	1,790	3,591
Net Cash Inflow/(Outflow)	(4,172)	(6,992)	2,820	(2,091)

Account Payment Performance

Aged Analysis at the end of each quarter

Quarter	Current \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 60 and 90 days overdue \$'000	More than 90 days overdue \$'000
All Suppliers					
Sep-11	5,049	378	378	14	0
Dec-11	4,230	72	1,264	14	4
Mar-12	3,067	49	1,865	29	17
Jun-12	4,536	144	945	21	110
Small Business Suppliers					
Sep-11	39	0	0	0	0
Dec-11	214	0	2	0	0
Mar-12	14	0	2	0	0
Jun-12	6	0	1	0	0

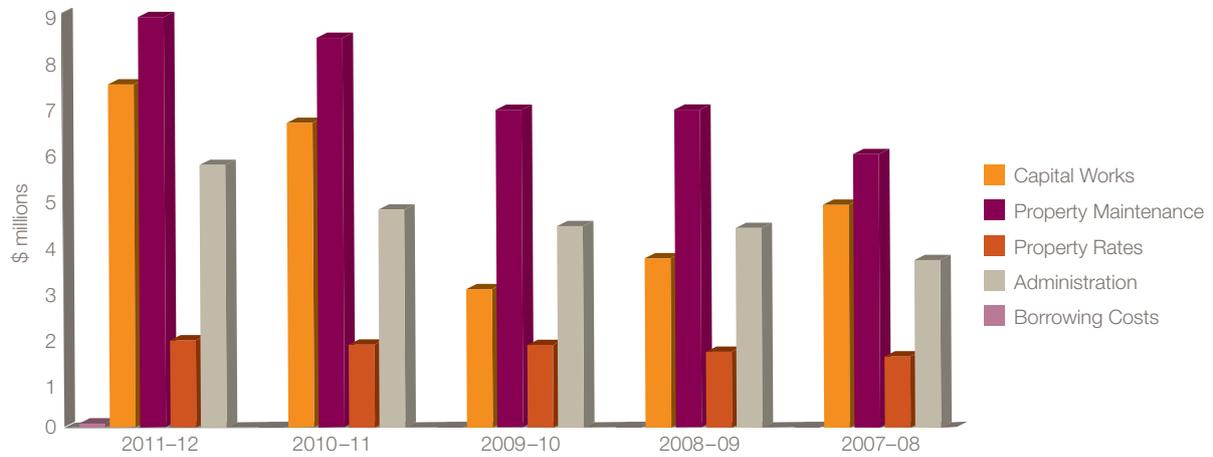
Accounts due or paid with each quarter

Measure	Sep-11	Dec-11	Mar-12	Jun-12
All Suppliers				
Number of accounts due for payment	5,004	4,463	5,120	4,567
Number of accounts paid on time	4,881	4,054	4,011	4,030
Actual percentage of accounts paid on time (based on number of accounts)	97%	91%	78%	88%
Dollar amount of accounts due for payment	\$5,819,337	\$5,584,311	\$5,026,885	\$5,756,208
Dollar amount of accounts paid on time	\$5,049,121	\$4,230,841	\$3,067,213	\$4,536,306
Actual percentage of accounts paid on time (based on \$)	87%	76%	61%	79%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small Business Suppliers				
Number of accounts due for payment to small business	40	58	60	52
Number of accounts due to small business paid on time	40	46	59	48
Actual percentage of small business accounts paid on time (based on number of accounts)	100%	79%	98%	92%
Dollar amount of accounts due for payment to small business	\$38,800	\$216,121	\$15,734	\$7,436
Dollar amount of accounts due to small businesses paid on time	\$38,800	\$213,815	\$14,204	\$6,824
Actual percentage of small business accounts paid on time (based on \$)	100%	99%	90%	92%
Number of payments to small business for interest on overdue accounts	0	0	0	0
Interest paid to small business on overdue accounts	0	0	0	0

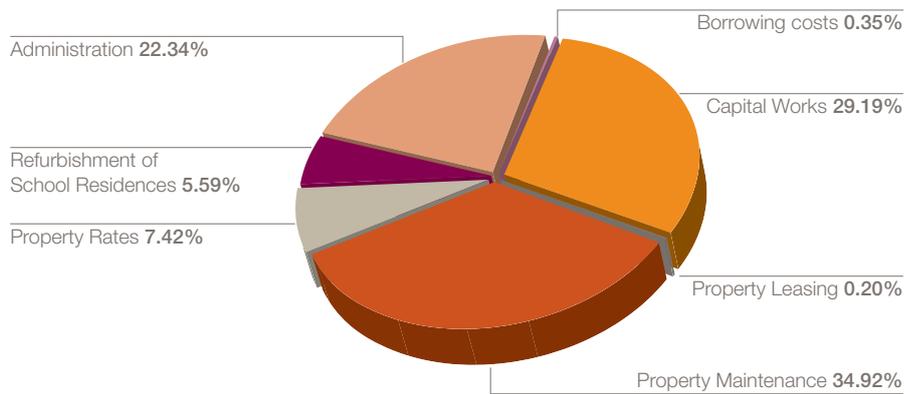
Note: The report does not include payments made to employees, payments related to payroll and super. Small business registration commenced in January 2012. All numbers are reported from 30 days from receipt of a correctly rendered invoice.

Commentary: The Authority improved its payment performance by adopting the government's initiative encouraging payments to all suppliers within 30 days from receipt of a correctly rendered invoice. Small businesses are mandated to be paid within 30 days.

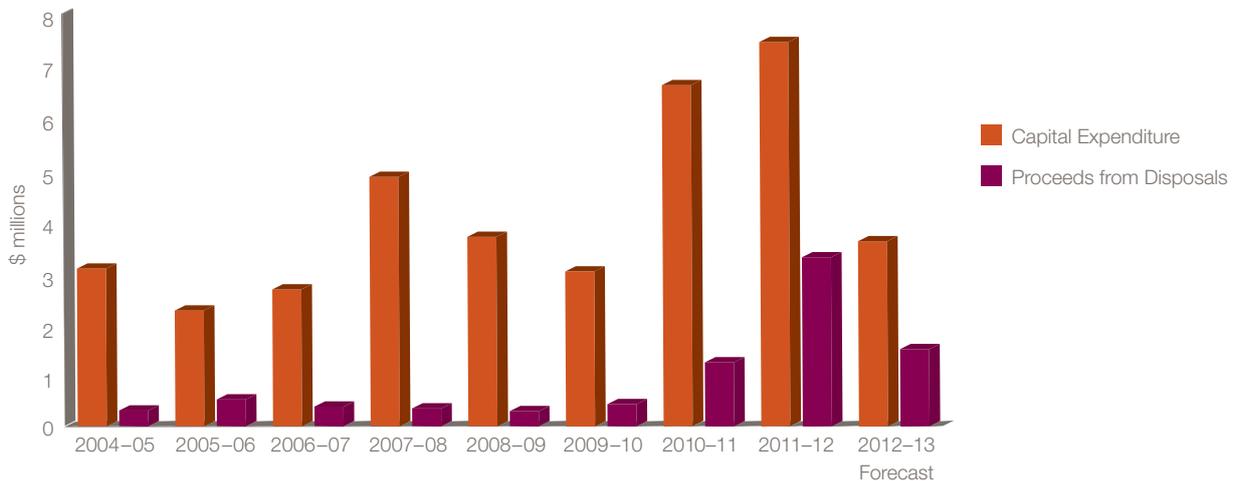
Expenditure Comparison by Major Categories



2011–12 Expenditure Dissection (Total Outlay: \$25.533m)



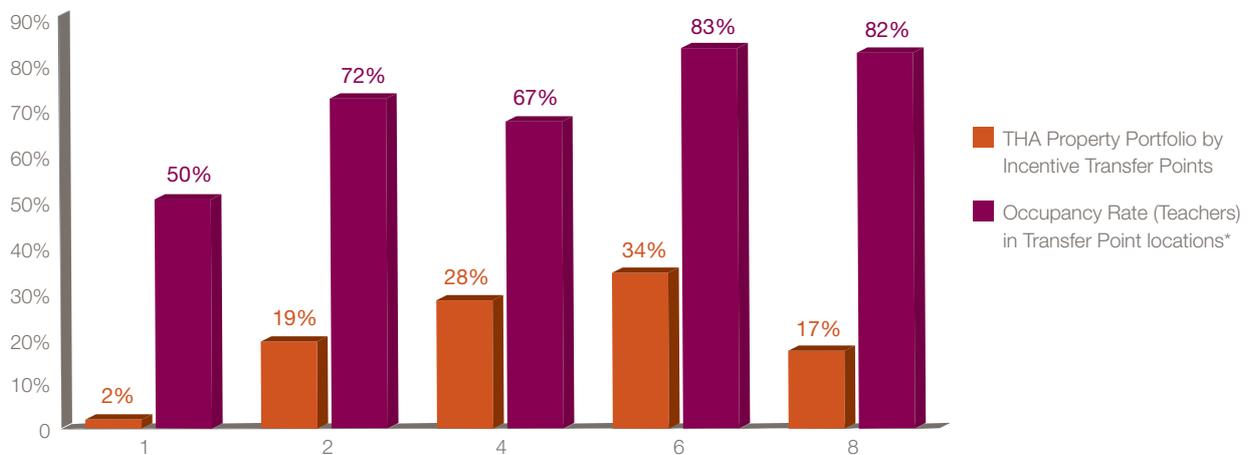
Capital Expenditure and Proceeds from Disposals



Key Property and Occupancy Data

		2012	2011	2010
Houses by owner	THA	532	543	545
	DEC	179	196	215
	Head Leased	5	4	0
	Sub total	716	743	760
Furnished units		722	730	718
Vacant Land		38	38	42
Work in Progress		18	25	29
Total properties under management	Total	1,494	1,536	1,549
Average occupancy throughout the year		85.0%	87.4%	87.7%
Average occupancy throughout the year by tenant type	Teachers	71.7%	71.3%	72.2%
	Non Teachers	13.3%	16.0%	15.2%
	Vacant	15.0%	12.6%	12.6%

Property Portfolio Aligned to Key Stakeholder Needs

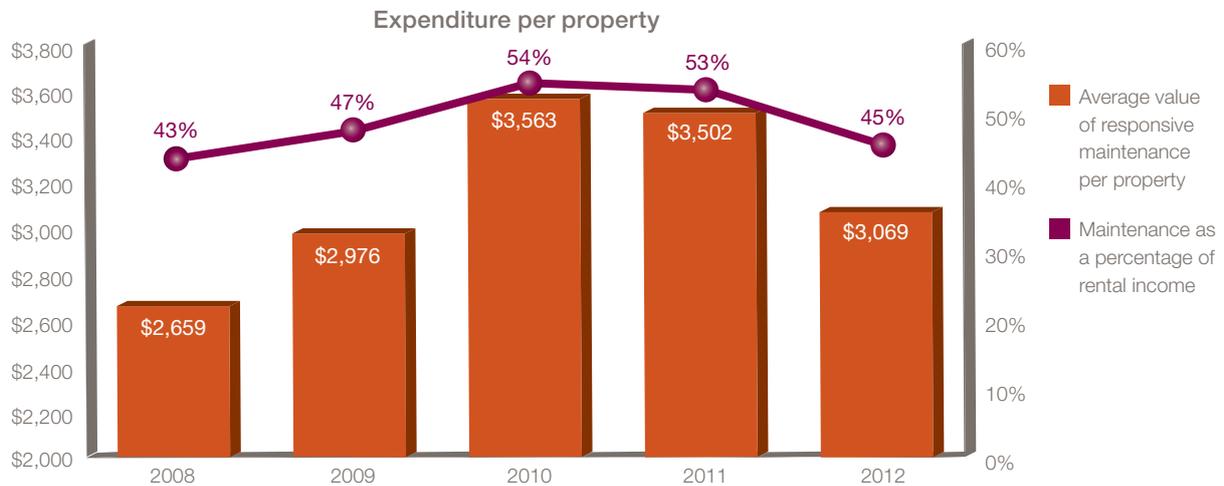


* Incentive Transfer Points. Incentives are offered to teachers who teach in six transfer point, eight transfer point and some four transfer point schools. These are schools the DEC have considered its advantageous for the purpose of recruitment and retention to offer various benefits in addition to a teacher's salary so as to encourage teachers to teach in these schools. One of these benefits is a rental subsidy (refer to Rental Subsidies page 8).

Weekly Rental Amounts (Calendar Year)

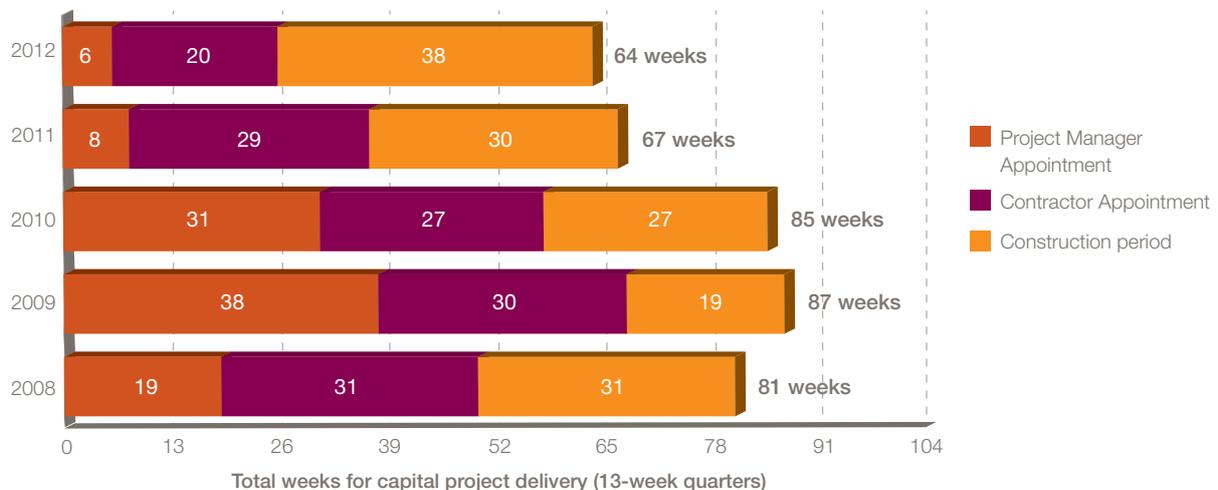
	2012	2011	2010
Average	\$164.31	\$153.37	\$150.82
Highest	\$410.00	\$305.00	\$340.00
Lowest	\$50.00	\$45.00	\$40.00
Median	\$160.00	\$155.00	\$150.00
Change	5.67%	1.76%	2.88%

Responsive Maintenance



Capital Delivery

Average capital project delivery period (for projects completed in that year)



Stakeholders

A table indicating the THA's responsibilities to each stakeholder group and the method(s) or application(s) of how the THA addresses each stakeholder is in Appendix 8 on page 42.

Organisational Structure

The chart in Appendix 9 on page 48 outlines the THA's organisational structure, reporting lines and functional responsibilities as at 30 June 2012.

Staffing

THA staff members are employed under Chapter 1A of the *Public Sector Employment and Management Act 2002* and are considered part of the DFS for the purposes of that Act.

There are no Senior Executive Service positions at the THA. A table showing the THA's staffing numbers by category for the reporting year and the preceding three years is shown at Appendix 6 on page 41.

A brief description of the THA's functional teams, team members including their backgrounds and role follows.



From top left to bottom right:
 Praveen Swarup, Mark Faulkner, Prue Bolton, Siddharth Samant, Khuong Duong, Robert Pyne,
 Becky Luo, Sonia Li, Nicky Amarakoon.

Strategy & Finance Team

Strategy & Finance Manager

Praveen Swarup

FCPA; BACctg; Dip Bus

Praveen joined the THA in 2001 from the Department of Local Government.

Prior to joining the public sector he spent over twelve years in accounting and financial management roles in the commercial sector including Rothmans and Siddons.

Praveen oversees the Finance Team and the delivery of corporate support functions including: business analysis, executive support and IT. Praveen provides strategic planning and financial management advice to the General Manager and Board. His position incorporates the roles of Chief Financial Officer and Chief Information Officer.

Business Strategy Analyst

Mark Faulkner

B Info Tech MBA

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

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

The role initiates and develops strategic policies to assist the THA's business systems to improve service delivery and provide greater efficiency. This involves maintaining the THA's KPIs and liaising with; the database administrator (a service provided by an outsourced contractor) and DFS in relation to the provision of ICT services.

Executive Officer

Prue Bolton

BA Psyc

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

As Executive Officer, Prue provides executive support to the THA Board, General Manager and the Strategy and Finance Manager, which includes advice and support on communications, government liaison and executive and ministerial correspondence. Prue is also responsible for the THA's HR processes which involve a functional relationship with the DFS.

Financial Accountant

Siddharth Samant

M.Com, GC.Com, ACA, CPA

Siddharth joined the THA in August 2009, from the Australian Museum. He supervises the Finance Team. As a Financial Accountant, Siddharth prepares financial statements and budgets for the THA in accordance with accounting standards, legislation and government procedures. He prepares periodical financial analysis and forecasts including financial information for the Statement of Business Intent and Business Plan.

Finance Officers

Finance Officers Khuong Duong (B Ec., Dip Fin. Plng, CPA), Robert Pyne, Becky Luo (BACctg), Sonia Li (M.Acc) (July-Sept) and Nicky Amarakoon (BACctg, Ad Dip Acctg) (Sept-Current) support the Financial Accountant in providing a range of accounting services including: treasury functions, payables, receivables, taxation, debt recovery, month end and year end reporting.

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



From left to right: Sharnah Harriman, Biki Varela, Karen Vargas, Nicholas Ul, Kerrie Curtis, Christiane Poulos, Almira Cooke

Tenancy Services Team

Tenancy Services Manager (Acting)

Sharnah Harriman

Sharnah joined the THA in 2001, from Housing NSW. Sharnah has a solid background in tenancy management and has a sound understanding of residential tenancy legislation.

Responsible for managing a team of five, Sharnah coordinates a tenancy management service that provides a first point of contact for THA tenants.

With an appreciation of the challenges facing communities in rural and remote NSW, Sharnah has developed a strong rapport with managing agents, Local Housing Representatives and the Department of Education and Communities' Staffing Office.

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

Tenancy Services Officers

Tenancy Services Officers Biki Varela, Karen Vargas, Nicholas Ul and Kerrie Curtis are the first point of contact with the THA for prospective tenants. They are also the principal contacts at the THA for existing tenants on all matters. Their role involves processing applications for housing, allocating properties in accordance with THA policy, liaising with managing agents and Local Housing Representatives, School Principals and the Department of Education and Communities' staffing office.

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

Each Tenancy Services Officer is responsible for a designated area aligned with the Department of Education and Communities, thus allowing for a common point of reference that teachers and

administrative contacts at the Department of Education and Communities are easily able to refer to.

Tenancy Services Support Officer

During the year, Tenancy Services Support Officer Christiane Poulos supported the team by assisting with applications especially during the peak period – leading up to and during the beginning of the school year.

Administrative Assistant

Tenancy Services Officers are supported by Almira Cooke, Administrative Assistant, who provides administrative support to the Tenancy Services Team.

Asset Team

Asset Manager

Neryl Wilson

Dip Teach

Previously a teacher in NSW schools, Neryl rejoined THA in August 2009 after a period with the Livestock Health and Pest Authority. Prior to this Neryl spent eight years at the THA in roles that included Tenancy Officer, Tenancy Manager and Manager, Planning and Liaison (deleted position). Neryl has developed a sound understanding of the issues facing asset delivery in rural and remote NSW, whilst having a sympathetic approach to the needs of teachers in those areas.

Responsible for providing quality housing to tenants, Neryl designs and implements policies and plans for asset and property management. She oversees asset disposals and the THA's major expenditure programs – Capital, Refurbishment and School Residence programs.

With a focus on property maintenance this role involves coordinating property-related information management systems to ensure the THA's asset portfolio meets the expectations of teachers in rural and remote NSW.



From left to right: Neryl Wilson, John McGaughey, Kevin Bray, Arveen Kumar, Fran Hughes



From left to right: Philip Shelley, Sharon Paule, Beth Tamm, Laura Brace

Technical Officers

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

As qualified tradesmen John and Kevin provide technical advice to the Asset Manager on matters relating to responsive maintenance. Each Technical Officer is responsible for a region within the state.

Contracts and Asset Administration Officer

Contracts and Asset Administration Officer Arveen Kumar is responsible for the administration of the major works program including assessing tenders and making recommendations. Arveen administers the acquisition and disposal of THA assets (including land and buildings) and administers the return of School Residences that have been identified for return to the Department of Education and Communities.

Arveen is acting in the position while the substantive officer (Liddy Kelly) is on maternity leave.

Maintenance Officer

Maintenance Officer Fran Hughes is responsible for tracking, updating and reporting on a range of maintenance tasks received from customers and/or periodic property inspections conducted by Managing Agents. This role involves liaising with managing agents on matters concerning responsive maintenance – a key area of customer satisfaction.

Other Positions

Executive Assistant

Executive Assistant, Sharon Paule, provides support to the General Manager (Philip Shelly) and Manager Strategy and Finance (Praveen Swarup).

Communication Project Officer

Communication Project Officers Beth Tamm (substantive Tenancy Services Manager) (July – August) and Laura Brace (August – Current) oversee and coordinate the THA's external communications including the liaison with DFS' public affairs and other key stakeholders.

One of the key aspects of the role oversaw the communication aspects of the Eco Village with stakeholder groups including tenants, the DEC, and the office of the Local State Member for Murray Darling.

Beth left the THA in August 2011 for extended leave and the position was filled by Laura Brace in July 2011. Laura has a sound background in office administration including a period as Tenancy Services Officer at the THA.

Human Resources

As prescribed by Section 13(3) of the *Teacher Housing Authority Act 1975*, the THA cannot employ staff. Accordingly, staff members are employed by DFS, under Chapter 1A of the Public Sector Employment and Management Act 2002 and are managed in accordance with a series of human resource delegations from the Director-General of DFS.

This arrangement is beneficial to the THA as the business is able to apply a range of HR information and support services. The THA have adopted DFS' employee handbook, code of conduct and other HR related policy documents – a benefit to an agency the size of the THA.

THA staff have access to DFS' intranet and can check their leave entitlements, employment conditions and download HR forms from the intranet. In addition to this, they have the opportunity to apply for positions that are advertised internally within DFS and enrol in DFS scheduled training programs.

Management at the THA have the benefit of utilising HR policy and procedure and employee development and management frameworks, including OHS, equity and diversity, recruitment guidelines, personal development plans and training.

The DFS learning and development team support THA staff by providing essential training in areas such as work health and safety and workplace conduct. Capability development enables employees to expand their knowledge skills and experience by completing training such as business and computer courses. Leadership development programs are provided by DFS.

ServiceFirst, DFS' HR and Workplace Services provides employee and other workplace support services including payroll, recruitment, records management (payroll) and library services to the THA under a service level agreement.

Industrial Relations

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

Employee Salaries and Allowances

In accordance with the Crown Employees (Public Service Conditions of Employment) Award 2009 a salary increase of 2.5% effective from the first pay period after 30 June 2012 was paid to THA staff.

Staff Development and Training

Members of staff are encouraged to pursue training and development in order to develop their professional career in the public sector. Expenditure of \$37,552 was incurred on training and development during the year. In 2010–11 expenditure in this area was \$49,372 and in 2009–10 it was \$22,471.

Training and development opportunities undertaken by employees were diverse and included: executive and senior management development, supervisory skills course, IT training, first-aid certification and building and construction certification. Employees attended a range of seminars including: an overview of the new tenancy legislation, and effective and assertive communication and workplace resilience. Four staff members pursued graduate or post graduate studies during the year, with the THA contributing tuition fees and granting them study leave.

As a DFS related entity, the THA has access to online learning courses which cover areas such as OHS, computer training and business skills.

Disability Action Plan

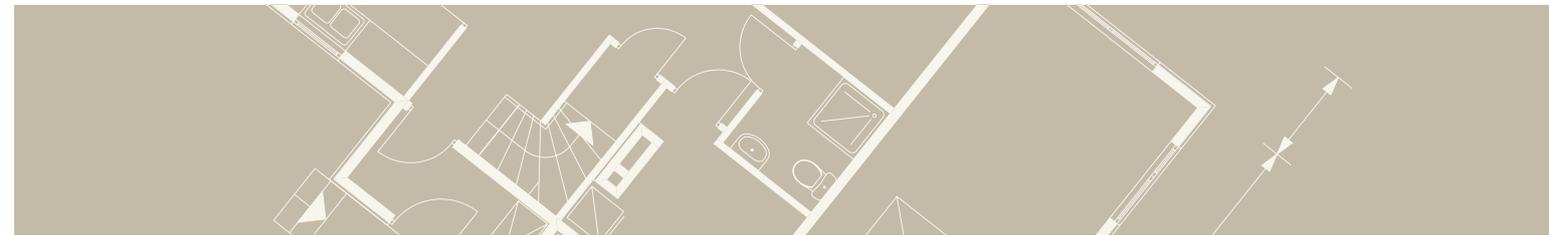
The THA has developed a Disability Action Plan in accordance with the Guidelines for Disability Action Planning by NSW Government Agencies (Premier's Memorandum M2009–01). This plan is available on the THA website.

Occupational Health and Safety

The THA has elected to adopt DFS' OHS policies and procedures including committee representation. The General Manager nominated an employer representative and the employees nominated an employee representative.

During 2011–12 there were no reportable incidents (including near-misses), and there was no lost-time due to injury.

Staff have the opportunity to participate in an influenza vaccination, organised by DFS, prior to the 2012 winter season.



HR Business Consultants

DFS appoint an HR Business Consultant to the THA, this role advises managers and staff on the implementation of DFS and NSW Government Human Resource (HR) policies, processes and practices including: Organisational Reviews, Program Evaluation, Recruitment and Selection Processes, Performance Improvement, Grievance Management, Dispute Resolution, Employee Assistance Program, Orientation, People Development, Bullying/ Harassment Resolution and Training.

Sick Leave

Over the twelve month period from July 2011 to June 30 2012, sick days taken by staff totalled 239 days. The average sick leave per member of staff was 9.9 days, an increase of 1.1 days per staff member from the previous year.

Recreational and Exceptional Circumstance Leave

The THA adheres to provision 77.2.3 of the Crown Employees (Public Service Conditions of Employment) Award 2009 as adopted by DFS in regard to 30 days (six weeks) being the maximum accrual of recreation leave an employee can accrue without written permission from the General Manager.

As at 30 June 2012, one THA employee had more than 30 days of recreational leave accrued (32 days). In this instance, the General Manager granted an exemption on the grounds of the employee submitting an application to take an extended period of leave in the 2012–13 financial year.

As at 30 June 2012 no THA employee had exceptional circumstance leave accrued.

Employee Assistance Program

The DFS have engaged PPc World wide as a provider of an Employee Assistance Program. This is a confidential counselling service for staff and their immediate family members experiencing personal or work-related issues.

Staff are able to access the service free of charge.

Usually four sessions are provided, however in some instances, this can be extended to eight. 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, ServiceFirst complete and lodge the annual workforce profile in respect of THA staff.

Multicultural Policies and Services Program

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

These principles are implemented through:

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

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

As a related entity of DFS, THA staff members have access to the DFS Multicultural Policies and Services Program 2010–2014 including the DFS statement on multicultural planning and progress.

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

The Community Relations Commission has advised the THA of its compliance with the Principles of *Multiculturalism Act 2000*.

Other Activities

Public Access to Government Information

The Government Information *Public Access (GIPA) Act 2009* has been implemented throughout government departments, this Act came into effect after the *Freedom of Information Act 1989* was repealed.

The Act encourages the routine and proactive release of government information, including information held by providers of goods and services contracted by government agencies in order to match community expectations of an open and transparent government.

Under this legislation THA did not receive any requests for information during the year.

Privacy Management

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

During the year the THA did not receive any complaints from either individuals or businesses in regard to the use of their private and personal information or the manner in which it was handled.

Insurance

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

For the 2011–12 financial year the THA incurred insurance premiums totalling \$313,247.00 (property cover was \$287,155).

Claims for property insurance related claims totalling \$84,490.95 were made against the fund during the year. Details are shown on Appendix 7 on page 41.

Internal Audit and Risk Management

The THA has adopted DFS's Governance Framework and appointed DFS's Chief Internal Auditor Executive as the THA's Chief Internal Auditor Executive. This enables the THA to make use of the DFS's Governance Framework (including Enterprise Risk Management and Compliance).

To meet its obligations under Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy* the THA has appointed the Land and Housing Corporation and Teacher Housing Authority Audit and Risk Committee.

Under this framework the THA reports to the Land and Housing Corporation and Teacher Housing Authority Audit and Risk Committee. Refer Attestation statement (page 44 and Appendix 9).

The THA has an ongoing Internal Audit Program approved by the Board and the Audit and Risk Committee. The THA engages the Internal Audit Bureau to conduct internal audits. In accordance with the approved program during the year, reviews were conducted on:

- Financial Review – Income, and
- The Property Refurbishment Program.

The audit review on Income confirmed that the THA's operating procedures were effective with no recommendations being made on the review; hence no major control risks were identified.

An audit on the refurbishment program is expected to be completed in August 2012.

Treasury Attestation

In compliance with Treasury circular 09/08 the THA completed a treasury attestation statement refer Appendix 9 on page 44.

Public Interest Disclosures (PID's)

In June 2011, the THA appointed the DFS Chief Audit Executive as the THA's Public Interest Disclosures Coordinator. This appointment enabled the THA to utilise (and therefore agree to be bound by) DFS policies and procedures that are deemed appropriate for THA in regard to this matter, including the DFS Fraud and Corruption Internal Reporting Policy for receiving, assessing and dealing with public interest disclosures.

In accordance with the *Public Interest Disclosures Act (1994)* and the DFS Fraud and Corruption Internal Reporting Policy, the Chief Audit Executive maintains the register for PIDS made to DFS and DFS related entities (including the THA).

The General Manager, THA, is the Nominated Public Interest Disclosures Officer.

Statistical information on Public Interest Disclosures is listed in the table below.

	Jan 2012 – Jun 2012
Number of public officials who made PIDs	0
Number of PIDs received	0
Of PIDs received, number primarily about:	
Corrupt conduct	N/A
Maladministration	N/A
Serious and substantial waste	N/A
Government information contravention	N/A
Local government pecuniary interest contravention	N/A
Number of PIDs finalised	N/A

Note: the number of PIDs finalised only refers to PIDs that have been received since 1 January 2012

On 8 March 2012 all THA staff were made aware of the new *Public Interest Disclosures Act 1994*. On 30 March 2012 the Director-General announced the release of the DFS Fraud and Corruption Internal Reporting Policy.

The DFS release of the policy was supported by a podcast and a 'Guide to Making Public Interest Disclosures'™. The guide was distributed to all THA staff in April 2012. The podcast and guide are available on the THA's intranet which all THA staff have access to.

Training on the new *Public Interest Disclosures Act 1994* and policy was successfully delivered to the THA's Nominated Disclosure Officer on 17 February 2012.

Consultants

During the year the THA engaged six consultants to provide advice in the following areas:

- analysis of data associated with providing equipment to meet in introduction of Digital Television Broadcast (My-Sat TV) (refer page 17);
- conducting the annual customer survey (refer page 13);
- assess the cost benefit of appointing TAFE as a provider of transportable accommodation (refer page 18);
- IT consulting;
- review the opportunity to access funds from the National Rental Affordability Scheme (NRAS); and
- advice in regard to the 2011 Review of Government Employee Accommodation (refer page 33).

The total cost of these consultancies for 2011–12 was \$45,114.

Information and Communications Technology

The THA's IT systems are supported through a Service Level Agreement with Service First. This includes configuration, administration, management and maintenance related support functions for all servers within the ServiceFirst production and disaster recovery data centres and remote office data centres.

The THA's website provides teachers with access to a range of information and online services including application and other forms, tenant handbooks, policies and reports, newsletters and contact information. Prospective tenants can also view pictures of properties in locations which they may be applying for or have been appointed to.

The THA's business system (ProMan) provides a comprehensive operating platform for asset, tenancy and financial management services and maintains enterprise resource planning software which enhance reporting and analysis of information stored within the existing database.

Business Continuity Plan

The THA's ICT platforms are integrated within the DFS IT infrastructure. The THA is currently awaiting advice from DFS concerning a new BCP including alternate office arrangements.

Ernst and Young have been engaged by DFS to review the provision of alternate office arrangements should the McKell office be unavailable. Once DFS have finalised their BCP they shall formally advise the THA of the details and associated testing.

Business Plan/Statement of Business Intent

The THA prepares an annual Statement of Business Intent (SBI) and a Business Plan in accordance with NSW Treasury guidelines tpp 11-02 Commercial Policy Framework.

The SBI is a performance agreement between the THA, the Minister and the Treasurer and outlines the THA's strategic and performance commitments for the 2012–13 financial year. The Business Plan supports the SBI and details the objectives, strategies and performance targets of the organisation within a five to ten year planning horizon.

The THA Statement of Business Intent and the Business Plan were endorsed by the THA Board in July 2012.

Once endorsed by the Minister and Treasurer the THA's Statement of Business Intent will be able to be accessed on the THA's website.

Communication Strategy

A new part-time position of communications officer was established during the year to coordinate the THA's external communications.

One of the position's key roles was to promote and allocate the Eco Village accommodation to existing Broken Hill teachers who were not in THA accommodation and ensure their needs were met while meeting the existing housing eligibility and allocation policy.

Focused at prospective tenants the role involved; liaising with the managing agent in Broken Hill, the Eco Village architect and project manager, the asset and tenancy services teams within the THA and other key stakeholder groups and the coordination of the official opening of the Eco Village scheduled in July 2012.

The position also included preparing and providing material and advice to the Minister's office (via the Public Affairs office within DFS) for the release of information for new capital projects as they are completed.

Overseas Travel

No Board or staff member travelled overseas on official business during 2011–12.

Review of Government Employee Accommodation

In 2010–11 and in conjunction with the Department of Premier and Cabinet (DPC) the THA undertook a review of government employee accommodation for a range of alternative government agencies in seven towns considered difficult to attract and retain staff.

The aim of the review was to assess the present supply and condition of the existing residential accommodation in light of expected demand and then apply the THA's business model to those properties.

With a core competency of providing employee accommodation in rural and remote NSW, the THA continues to provide logistical and commercial advice to the Department of Finance and Services, and other agencies as requested.

Public Sector Reforms and Legislative Changes

During the year, there were no administrative or legislative changes which impacted the THA's governance, strategic direction or financial position.

Better Services and Value Taskforce

The THA participated in the NSW Treasury's Better Services and Value Taskforce through the DFS's Steering Committee. During the year the THA met its obligations to Treasury under this review.

Eco Village (following two pages)

Due for completion in July 2012, Eco Village has been purpose-built for Broken Hill's extreme climate, and for its unique school staffing demands.

This project is an important pilot, as such the THA shall be monitoring the success of the project in terms of its environmental impact, feedback from teachers living in the complex and consideration of the use of the flexibility of the design options.

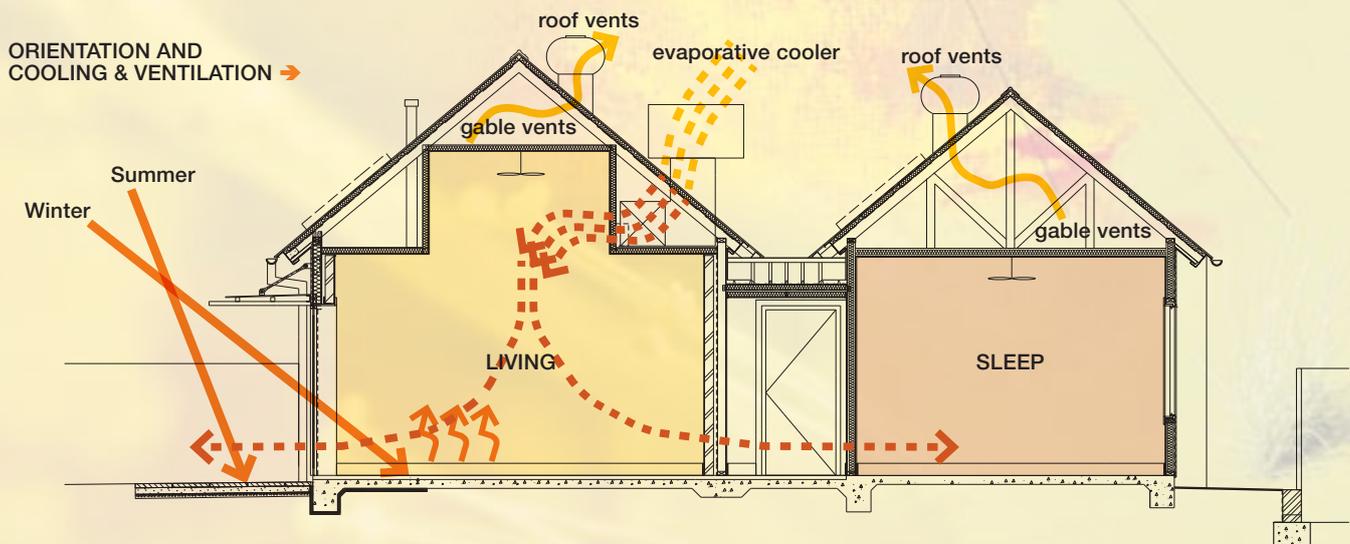
The Eco Village project

Privacy, comfort and options for greener, outdoor living are high on the list of what teachers want in a home. Teacher Housing's new environmentally sustainable housing project at 355–363 Sulphide Street, Broken Hill delivers a new standard of enjoyable, environmentally responsible living for teachers.

Teacher Housing is proud to announce its first ever environmentally sustainable and flexible housing project. The development has been purpose-built for Broken Hill's extreme climate, and for its unique school staffing demands.

The furnished development consists of six 4-bedroom houses that can be re-configured into independent one, two or three-bedroom apartments. One house can be easily adapted to become two separate and secure homes. These innovative and private residences meet the needs of families, couples and singles alike, with extended living areas to maximise indoor and outdoor recreation space. Well-considered design elements minimise impact on the environment.

"Teachers have told us they want homes that will give them a better lifestyle in rural and remote communities. As a group, they are concerned about the environment, and they welcome opportunities to reduce their carbon footprint," said Teacher Housing General Manager Philip Shelley. "We are excited about this opportunity to create greener, more responsible, flexible homes that exceed our high standards, and embrace our commitment to supporting education in the bush."



Environmentally sustainable design

Orientation

- ORIENTATION affects sunlight and heat entering the house.
- North facing orientation of house is controllable and more desirable.
- Sunhood allows solar penetration to warm living spaces in winter and to prevent heat gain in summer.
- NORTH FACING LIVING PAVILION – well positioned for solar access.
- SOUTH FACING SLEEPING PAVILION – minimises heat gain.

Cooling and ventilation

- CROSS VENTILATION features are desirable for maximum cooling. The houses can be closed up completely in case of dust storms and high winds, or during the day to prevent build-up of heat.
- EVAPORATIVE COOLING most suitable for hot, arid climates.
- ROOF VENTS & GABLE VENTS for airflow to exit via roof space.
- CEILING FANS reduce internal temperature.

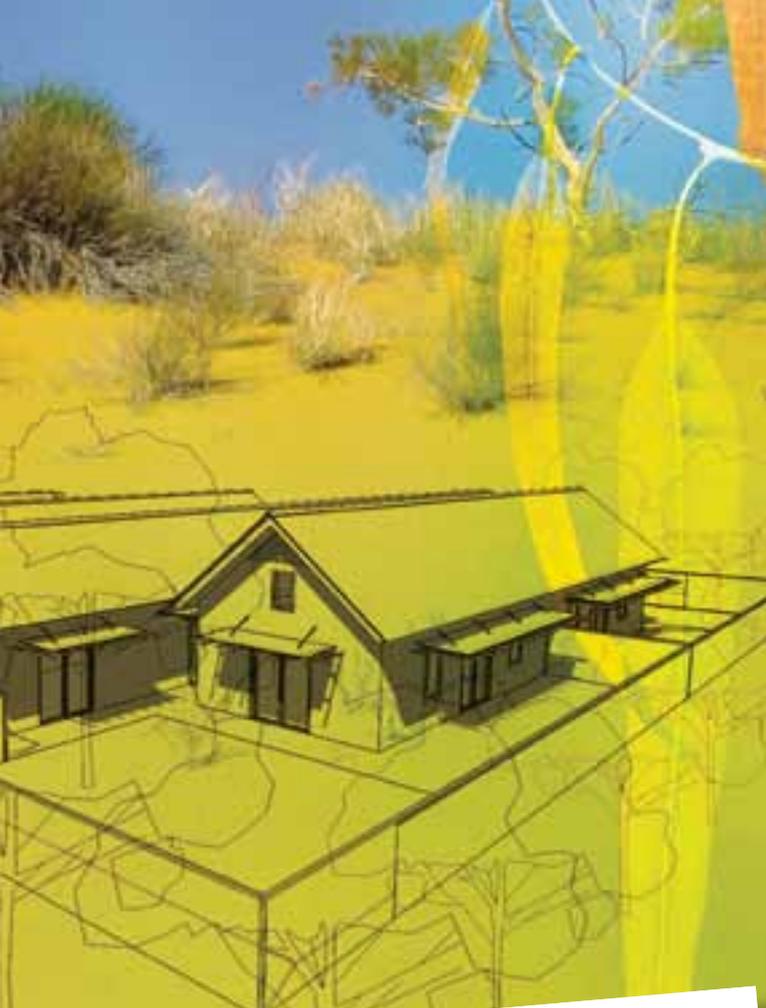
Heating

- SOLAR CONVERTER – solar panels on roof convert sunlight to heat water. This is used for the HOT WATER service and IN-SLAB heating to heat the living space.

Power

- PHOTOVOLTAICS on roof for power generation.
- Excess power returned to the grid.

Flexible design model



■ Fire-rated, acoustically separated doors to adapt each home

TYPE A 4-bedroom houses can be adapted to:
2x 2-bedroom apartments

TYPE B 4-bedroom houses can be adapted to:
1x 3-bedroom house and
1x single-bedroom apartment



Water management

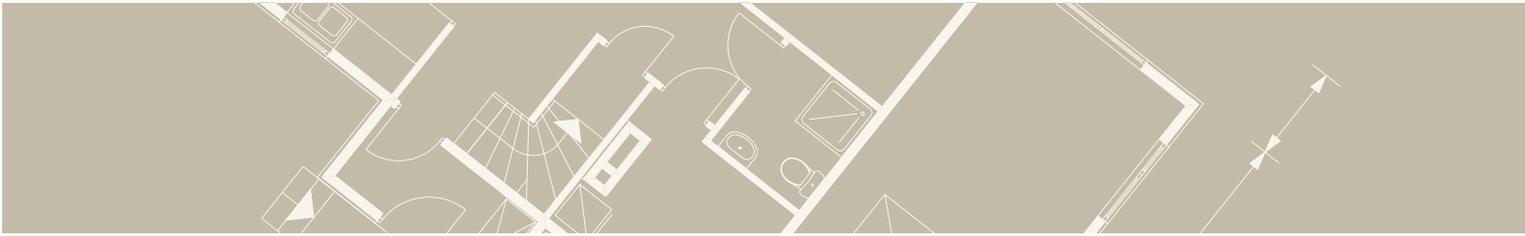
- **RAINWATER HARVESTING** rainfall collected in water tanks and re-used for flushing toilets, and laundry services.
- **GREY WATER** used on turfed garden areas.
- **ROOF WATER** diverted to water the garden beds.

Building materials

- Reverse brick veneer to living pavilion provides day-time spaces with climate barrier to reduce radiant heat build-up.
- Single skin exterior for sleeping pavilion allows quick night-time cooling.
- Polished concrete flooring for high thermal mass to maintain constant internal temperatures.

Outdoor living

- **COURTYARDS** adjacent to living areas provide sheltered outdoor spaces.
- **PERGOLAS** over the external doorways reduce heat penetration to the home.
- **GARAGES** positioned at either end of house to create breezeways, with wide-throw doors for easy indoor/outdoor entertaining.
- **SOFT PLANTING** with drought tolerant, frost tolerant, desert proof plants and trees; also stabilises temperature from trapped heat and reflected light.



Appendices

Appendix 1

Local Housing Representatives

Name	School	Locality
Mrs Chris Whitfield	Bingara Central School	Bingara
Mrs Denise Bourke	Boggabilla Central School	Boggabilla
Mr Philip Steel	Bombala High School	Bombala
Ms Mel Franklin	Collarenebri Central School	Collarenebri
Mr Murry Borham	Gunnedah High School	Gunnedah
Mr Glenn Partridge	Inverell High School	Inverell
Mrs Jennifer Cutcliff	Mungindi Central School	Mungindi
Ms Lynette Stock	Quirindi High School	Quirindi
Ms Janne Chew	Tenterfield High School	Tenterfield
Ms Wendy Phillips	Warialda High School	Warialda
Ms Lorraine Haddon	Wee Waa High School	Wee Waa
Mrs Sue Coates	Balranald Central School	Balranald
Mr Murray Campbell	Barham High School	Barham
Ms Kerri-Lea Jay	Coleambally Central School	Coleambally
Ms Lily Dale	Condobolin High School	Condobolin
Mr Paul Ferguson	Deniliquin High School	Deniliquin
Mr Keiran Davis	Finley High School	Finley
Mr Richard Wiseman	Griffith High School	Griffith
Mr Chris Rankmore	Hay War Memorial High School	Hay
Mr Mark Toohey	Hillston Central School	Hillston
Ms Erin Dennis	Lake Cargelligo Central School	Lake Cargelligo
Mr Andrew Glazebrook	Oaklands Central School	Oaklands
Ms Melanie Wait	Tooleybuc Central School	Tooleybuc
Mr David Crelley	Tumbarumba High School	Tumbarumba
Mrs Helen Culbert	Ungarie Central School	Ungarie
Ms Karen Davies	West Wyalong High School	West Wyalong
Ms Christine Collins	Morgan St Public School	Broken Hill
Mr Brendan Maaher	Coolah Central School	Coolah
Mr Cary Gardiner	Coonabarabran High School	Coonabarabran
Ms Gillian McKenzie	Coonamble High School	Coonamble
Mr Peter Campbell	Dunedoo Central School	Dunedoo
Ms Nicky Mudge	Gilgandra High School	Gilgandra
Mr Mark Densmore	Ivanhoe Central School	Ivanhoe
Mr Colin Winter	Kandos High School	Kandos
Ms Georgia Shepherd	Menindee Central School	Menindee
Mr Andrew Chapman	Tibooburra School of the Air	Tibooburra
Ms Emma Rice	Warren Central School	Warren
Mrs Elise Robinson	Wilcannia Central School	Wilcannia
Mr John Bernasconi	Yeoval Central School	Yeoval
Mr Michael Conrad	Bourke High School	Bourke
Mr Wayne Gower	Brewarrina Central School	Brewarrina

Local Housing Representatives (continued)

Name	School	Locality
Mr Jonathan Harvey	Cobar Public School	Cobar
Ms Jan Rasmussen	Goodooga Central School	Goodooga
Ms Julie O'Donoghue	Lightning Ridge Central School	Lightning Ridge
Ms Elecia Sandall	Nyngan Primary School	Nyngan
Mrs Susan Barbary	Tottenham Central School	Tottenham
Mr Peter Nichols	Walgett Comm College – HS	Walgett

Appendix 2**Managing Agents**

Managing Agent	Locality
AGNVET Management Services Pty Limited	Henty
Amato Real Estate	Leeton
Armidale Town & Country Real Estate	Guyra
Bailey & Gough First National Real Estate	Grafton
Boorowa Real Estate	Boorowa
Century 21 McLeods Broken Hill	Broken Hill
Charles L King & Co (Barham)	Barham
Chris Philpot Real Estate	Finley
Coffs Property	Dorrigo
D J Woods & Co Pty Ltd	Mudgee
Davidson Cameron & Co	Coonabarabran & Binnaway
Diana Corcoran Real Estate	Glenn Innes
Dillon & Sons First National Real Estate	Dungog
Ede's Real Estate Pty Ltd	Bulahdelah
Elders Limited – Yass	Yass
Elders Rural Services Australia Limited	Scone
Eldridge Properties	Rand
Elstone Agencies Pty Ltd	Wentworth
First National Real Estate – Gloucester	Gloucester
First National Real Estate Gunnedah	Boggabri
First National Real Estate Parkes	Bogan Gate
Fisk & Nagle First Choice	Cooma
G M Llewelyn & Co	Merriwa
Griffith Real Estate	Griffith
Gundagai Real Estate	Gundagai
H Roy Miller	Bingara
Halcroft & Bennett Pty Ltd	Coonamble
Harold Curry	Drake
Hastings Valley Property Management	Long Flat
Holloways Stock & Property Pty Ltd	Murrumburrah
J N Straney & Son Pty Ltd	Condobolin & District

Table continued next page

Managing Agents Listing (continued)

Managing Agent	Locality
Jeff Grosse Real Estate	Walla Walla & Walbundrie
Joe Jones & Associates	Trangie
Kane Real Estate	Albury
Kelly's Property Sales Pty Ltd	Walgett
Kosciusko First National R/E	Jindabyne
Kyogle Real Estate	Kyogle
L J Hooker – Bowral	Glenquarry
L J Hooker – Echuca	Moama
L J Hooker – Lithgow	Capertee
L J Hooker – Muswellbrook	Aberdeen
L J Hooker – Singleton	Singleton
Landmark Barraba	Barraba
Landmark Boulton's	Yarrowitch
Landmark Russell	Cobar
Len Sevil Pty Ltd	Narrabri
Leo Conway Agencies Balranald NSW	Balranald
M F Brennan & Co	Temora
M H Thomas	Eumungerie
Michael Robinson & Co	Forbes
Milling Stuart Pty Ltd	Dunedoo
Moree Real Estate	Morre Warialda
Noel Daley Real Estate Pty Ltd	Inverell
Noel Watson Pty Ltd	Tooleybuc & Mallan via Swan Hill
Oberon First National	Oberon
Peter Druitt & Co Pty Ltd	Rylstone
Plasto & Company Pty Ltd	Wellington, Yeoval & District
PRD Nationwide – Junee	Junee
PRD Nationwide – Tumbarumba	Rosewood
Prosser Hutton Pty Ltd	Mungindi
Purtle Plevy Agencies Pty Limited	Manilla
Quaide Moncrieff Livestock & Property	West Wyalong
Raine & Horne – Gulgong	Gulgong
Ray White – Braidwood	Braidwood, Tarago, Captains Flat
Ray White – Cowra	Koorawatha
Ray White – Quirindi	Willow Tree
Ray White – Tamworth	Bendemeer
Ray White Rural – Goondiwindi	Boggabille
Rodwells & Co Pty Ltd	Hay
Ron Loiterton Real Estate	Cootamundra
Stockdale & Leggo Corowa	Corowa, Urana, Oaklands
The Professionals – Goulburn	Crookwell
Tumut Real Estate	Talbingo
Western Plains Real Estate	Narromine
Wilkinsons R/ E Agencies Riverstone	Spencer
Williams Machin First National – Molong	Molong
Wyatt Wheatley & Associates P/L	Deniliquin, Mayrung

Appendix 3

Residences Constructed or Acquired During 2011–12

Town	Project Description	Street	Total Cost \$
Bourke	2 single-bedroom units and 2 two-bedroom units	Mooculta St	\$1,194,672.23
Broken Hill	10 single-bedroom units	Brown St	\$2,642,083.62
Collarenebri	1 two-bedroom house (Purchase)	High St	\$73,407.75
Lake Cargellico	2 single-bedroom units	Grace St	\$442,323.96
Nyngan	2 single-bedroom units	Wambiana St	\$428,586.00
			\$4,781,073.56

Appendix 4

Work in Progress as at 30 June 2012

Town	Project	Street	Expenditure to 30/06/2012
Broken Hill	Eco Village, 6 four-bedroom houses which can be converted into 12 units	Sulphide St	\$5,175,700.67
Condobolin	2 single-bedroom units and 1 two-bedroom unit	Officers Pde	\$4,338.40
Coonamble	2 single-bedroom units and 1 two-bedroom unit	Gordon St	\$401,818.43
Coonamble	2 four-bedroom houses	Namoi St	\$138,115.36
Wee Waa	1 two-bedroom unit	Maitland St	\$21,500.00
Wilcannia	2 two-bedroom units	Woore St	\$19,900.00
Yetman	1 studio unit	Warialda St	\$247,737.04
			\$6,009,109.90

Appendix 5

Asset Disposal [Properties and Land Sold in 2011–12]

Locality	Address	Type	Contract Price \$
Balranald		7 properties	\$785,000.00
	131 Boynton St	House	\$95,000.00
	49 Cally St	2 x Two-bedroom unit	\$152,500.00
	94 Dowling St	Two-bedroom unit	\$88,000.00
	92 Dowling St	Two-bedroom unit	\$87,500.00
	169 Dowling St	Two-bedroom unit	\$71,000.00
	171 Dowling St	Two-bedroom unit	\$71,000.00
	150 Ballandella St	3 x Two-bedroom unit	\$220,000.00
Bombala	14 Stephen St	House	\$155,000.00
Comboyne	9 Thone St	House	\$270,000.00
Coonamble	14 Green St	Vacant land	\$7,000.00
Deepwater	Lot 2 Forbes St	House	\$170,000.00
Dunedoo		2 Properties	\$48,600.00
	Lot 11 Yarrow St	Vacant land	\$24,300.00
	Lot 12 Yarrow St	Vacant land	\$24,300.00
Finley		2 Properties	\$83,000.00
	11 Walter St	House	\$69,000.00
	Lot 18 Tocumwal St	Vacant land	\$14,000.00
Hay	228 Edward St	House	\$80,000.00
Jerilderie	Lot 6 Mahanga St	Vacant land	\$17,500.00
Mendooran	Lot 3 Farnell St	Vacant land	\$6,590.91
Narrabri	5A Melee St	House	\$270,000.00
Parkes	Lot 5 Koala Dr	Vacant land	\$35,000.00
Repton	21 River St	House	\$365,000.00
Rylstone	Lot 3 Cudgegong St	Vacant land	\$45,455.00
Trangie	51 Burroway St	House	\$54,000.00
Tyalgum	1 Coolman St	House	\$290,000.00
Walgett		1 Property	\$380,000.00
	2/16 Coral Ave	Two-bedroom unit	\$95,000.00
	1/14 Coral Ave	Two-bedroom unit	\$95,000.00
	2/14 Coral Ave	Two-bedroom unit	\$95,000.00
	1/16 Coral Ave	Two-bedroom unit	\$95,000.00
Warren	12 Glen St	Vacant land	\$21,000.00
Wellington		2 Properties	\$105,000.00
	12 Tristania St	Vacant land	\$50,000.00
	5 Tristania St	Vacant land	\$55,000.00
Whian Whian	Lot 217 Whian Whian Rd	House	\$245,000.00
Total			\$3,433,146.91

Appendix 6

THA Employees by Category as at 30 June 2012

Category	2011–12	2010–11	2009–10	2008–09
Administrative and clerical	23*	24**	23	21

* Includes two part-time positions

** Includes systems administrator role which ceased on 30 June 2011.

Appendix 7

Treasury Managed Fund – Insurance Recovery

Locality	Claim	Cost
Bayrulgil	Break-in caused damage to back door	\$392.00
Bourke	Break-in caused damage to house	\$9,746.00
Bourke	Water damage to ceiling	\$14,562.68
Bourke	Break-in caused damage to house	\$5,300.00
Burren Junction	Water damage to carpet	\$2,200.00
Boushaw	Flood damage to house	\$34,262.07
Menindee	Storm damage to solar panel	\$1,695.00
Gunnedah	Break-in caused damage to house	\$1,540.00
Gunnedah	Water damage to carpet	\$770.00
Brewarrina	Break-in caused damage to house	\$2,629.00
Bourke	Break-in caused damage to house	\$6,325.00
Burren Junction	Water damage to carpet	\$2,200.00
Mendooran	Water damage to ceiling	\$810.00
Gilgandra	Break-in caused damage to door	\$475.20
Nyngan	Rock damage to solar panel	\$1,584.00
Total		\$84,490.95

Appendix 8

Responsibilities to Stakeholders

Responsibility	Stakeholder	Application
<p>1. The provision of an economic, effective and efficient housing service where the private rental market does not meet teachers needs.</p>	Members of the Education Teaching Service (Teachers and other employees of the DEC)	<p>Review business performance, where necessary measuring it against relevant indicators. Conduct periodic business process reviews, audits and customer surveys.</p> <p>Review alternative rental accommodation in the relevant communities.</p> <p>Ensure managing agents are accessible, responsive, and suitably empowered to act on behalf of the THA.</p> <p>Support locally appointed housing representatives to represent and liaise with tenants, agents and the THA.</p> <p>Review the THA's Total Asset Management Plan so as the desired service levels and business objectives are supported by appropriate assets; including the acquisition, maintenance and disposal of assets as addressed in the THA's Business Plan and Statement of Business Intent.</p>
<p>2. Significant matters relating to the housing of teacher and non-teacher tenants are referred for consideration.</p>	Minister for Finance and Services	Submission of the Business Plan and Statement of Business Intent.
<p>3. Contentious or politically sensitive issues that may impact upon the government are advised in a timely manner.</p> <p>3.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences are met.</p>	Minister for Finance and Services	<p>Ensure the THA has a robust policy framework in place so as issues are suitably addressed as they arise.</p> <p>Be aware of the DEC's policies and objectives so that such issues are appropriately advised and/or responded to.</p>
<p>4. Support for achieving the educational aims of the DEC, with the provision of quality housing as an incentive to attract and retain teachers to localities in rural NSW.</p>	Department of Education and Communities	<p>Ensure the THA liaise with DEC staffing services on accommodation needs, local issues, emerging demographics and other relevant topics.</p> <p>Conduct customer surveys on the adequacy of the THA's service to Members of the Education Teaching Service.</p>
<p>5. Liaise with the DEC on THA policy matters that may impact on the ability of the department to adequately staff schools and TAFE colleges in rural NSW.</p>	Department of Education and Communities	In conjunction with designated housing representatives review and identify locations where of major expenditure may be necessary.
<p>6. A response to representatives on behalf of their constituents in a timely manner.</p>	Members of Parliament	<p>Ensure the THA has a robust policy framework in place, so as issues are suitably addressed as they arise.</p> <p>Be aware of the DEC's policies and objectives so as such issues are appropriately advised and/or responded to.</p>
<p>7. The development and implication of a financially sound Business Plan and Statement of Business Intent.</p>	NSW Treasury	Review the Business Plan and Statement of Business Intent in light of the THA's objectives, scope of operations, strategic direction, financial and non financial targets and impacts of risk assessments.

Responsibilities to Stakeholders (continued)

Responsibility	Stakeholder	Application
8. Adherence to all financial policies and procedures required of government.	NSW Treasury Department of Finance and Services	Preparation and presentation of annual audited financial statements. Preparation and presentation of a Business Plan and Statement of Business Intent. Liaison on various preliminary and mini budgets. Respond to requests for information in a timely manner. Adhere to various policies, guidelines and other matters as circulated. Preparation and presentation of the annual report.
9. Contentious or politically sensitive issues that may impact upon the government are advised in a timely manner.	Department of Premier and Cabinet	Adhere to all policies and procedures required of government agencies.
9.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences etc are met.	Department of Finance and Services	Respond to requests for information in a timely manner.
9.ii. Operate within the broad governmental framework of NSW.	Department of Education and Communities	Review the impact of government policy on the THA's business. Preparation and submission of the THA's annual report.
10. Provide an organisation that engenders a learning and continuous improvement culture.	Staff of the THA	Review operational and strategic HR issues in light of legislative issues and the broader government framework. Review the business plan in consideration of internal capabilities in an effort to align an employee's needs with those of the THA.
11. The THA be appropriately resourced to deliver an effective and efficient housing service to teachers.	Staff of the THA	Ensure the THA's objectives are met by appropriately trained and qualified employees.
12. Access to quality education for all NSW children.	Students and parents	The provision of quality housing service to teachers in rural and remote NSW where the private rental market does not meet their needs.
13. The rights of the members of the community who rent THA accommodation (in the absence of teacher demand).	The wider community	Compliance with various legislation in particular the NSW residential tenancy legislation.

Appendix 9

Treasury Attestation



Annual Report Attestation

Internal Audit and Risk Management Statement for the 2011-2012 Financial Year for the Teacher Housing Authority of New South Wales

We, Philip Shelley, General Manager of the Teacher Housing Authority of NSW and Ken Karofski, Chair of the Teacher Housing Authority of NSW, are of the opinion that the Teacher Housing Authority of NSW has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in the Public Finance and Audit Act (where relevant) and/or Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

For the period from 1 July 2011 until 29 February 2012, the Teacher Housing Authority of NSW was subject to oversight by the Audit and Risk Committee of the Department of Finance & Services. The Chair and Members are:

- Mr Peter Whitehead, Independent Chair (period of appointment from 1 July 2011 to 13 October 2011)
- Ms Carolyn Burlew, Independent Member (period of appointment from 1 July 2011 – to 31 August 2011). Ms Burlew was appointed Independent Chair (period of appointment from 14 October 2011 to 14 October 2015)
- Dr Gul Izmir, Independent Member (period of appointment from 1 July 2011 to 24 April 2012)
- Ms Anna Skewes, Non-Independent Member (period of appointment from 1 July 2011 to 27 July 2011)
- Mr Michael Silk, Non-Independent Member (period of appointment from 1 July 2011 to 27 July 2011)
- Mr Ralph Kolly, Independent Member (period of appointment from 1 September 2011 to 1 September 2014)
- Mr Jim Mitchell, Independent Member (period of appointment from 13 October 2011 to 13 October 2013)
- Ms Elizabeth Grouch, Independent Member (period of appointment from 13 October 2011 to 13 October 2014)

Since 1 March 2012, the Teacher Housing Authority has been subject to oversight by the Land and Housing Corporation and Teacher Housing Authority Audit and Risk Committee. We, Philip Shelley and Ken Karofski are of the opinion that the Audit and Risk Committee for the Teacher Housing Authority is constituted and operates in accordance with the independence and governance requirements of the Public Finance and Audit Act (where relevant) and/or Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Ms Carol Holley, Independent Chair (period of appointment 31 October 2011 to 31 October 2014)
- Mr Alan Zammit, Independent Member (period of appointment from 30 January 2012 to 30 January 2015)
- Ms Ero Coronios, Independent Member (period of appointment from 30 January 2012 to 30 January 2015)

Page 1 of 2

Treasury Attestation (continued)

These processes provide a level of assurance that enables the senior management of the Teacher Housing Authority of NSW to understand, manage and satisfactorily control risk exposures.

As required by the Policy, we have submitted an Attestation Statement outlining compliance with the Policy to Treasury.

Signed: 
Date: 22 August 2012
Philip Shelley
General Manager

Signed: 
Date: 23.8.2012
Ken Kanofski
Chair

In accordance with a resolution of the Governing Board of the Teacher Housing Authority of New South Wales.

Appendix 10

Location of Residences

Community	Total	Community	Total	Community	Total	Community	Total
Aberdeen	1	Bourke	47	Cullen Bullen	1	Gravesend	1
Adaminaby	1	Bowring	1	Cumnock	1	Grenfell	5
Adelong	1	Braidwood	5	Curlewis	1	Griffith	23
Adjungbilly	1	Bredbo	1	Dalgety	1	Jondaryan (Griffith)	3
Ardlethan	7	Brewarrina	27	Dareton	5	Gulgong	5
Ariah Park	6	Bribbaree	1	Darlington Point	1	Gum Flat	1
Ashford	7	Brocklesby	1	Deepwater	1	Gundagai	9
Balldale	1	Broken Hill	57	Delegate	1	Gunnedah	18
Balranald	18	Bulahdelah	3	Deniliquin	13	Guyra	1
Baradine	5	Bullarah	1	Deniliquin West	4	Gwabegar	2
Barellan	8	Bundarra	3	Denman	3	Hanwood	1
Barham	17	Bunnaloo	1	Dorrigo	1	Harden	4
Barooga	1	Buronga	9	Drake	1	Hay	25
Barraba	7	Burren Junction	3	Dundurrabin	1	Henty	3
Baryulgil	1	Candelo	1	Dunedoo	12	Hernani	1
Batlow	4	Canowindra	6	Dungog	4	Hillston	22
Beckom	1	Capertee	1	Duri	1	Howlong	1
Bellata	2	Caragabal	1	Ebenezer	1	Iluka	1
Bendemeer	1	Carinda	1	Ellerston	2	Inverell	14
Berridale	1	Carrathool	1	Emmaville	3	Ivanhoe	8
Bibbenluke	1	Cassilis	1	Erngonia	2	Jackadgery	1
Bigga	1	Chandler	1	Euabalong West	1	Jerangle	1
Bilbul	1	Clare	1	Eurongilly	1	Jerilderie	1
Bingara	6	Cobar	42	Euston	4	Jindabyne	5
Binnaway	6	Coleambally	14	Fairfax	1	Junee	6
Binya	1	Collarenebri	14	Finley	12	Kandos	6
Black Springs	1	Condobolin	23	Forbes	8	Khancoban	1
Blackville	1	Coolah	8	Ganmain	1	Laggan	1
Blighty	1	Coonabarabran	16	Garah	2	Lake Cargelligo	18
Bogan Gate	1	Coonamble	28	Gilgandra	9	Leeton	13
Boggabilla	16	Cootamundra	7	Girilambone	1	Lightning Ridge	42
Boggabri	3	Corindi Beach	1	Glen Alice	1	Lockhart	5
Bombala	9	Corinella	1	Glen Innes	5	Long Flat	1
Bonalbo	7	Corowa South	1	Glenquarry	1	Lord Howe Island	3
Bonshaw	1	Cowra	4	Gloucester	2	Louth	1
Booligal	1	Crookwell	3	Gol Gol	1	Lue	1
Boomi	1	Croppa Creek	1	Goodooga	12	Maimuru	1
Boorowa	6	Cudal	1	Goolgowi	3		
Boree Creek	1	Culcairn	7				

Location of Properties (continued)

Community	Total	Community	Total	Community	Total	Community	Total
Mallawa	1	Parkes	7	Tullamore	5	Yass	4
Manildra	1	Peak Hill	3	Tullibigeal	5	Yenda	1
Manilla	3	Pearce's Creek	1	Tulloona	1	Yeoval	4
Marra Creek	1	Pilliga	1	Tumbarumba	10	Yerong Creek	1
Martindale	1	Pleasant Hills	1	Tumut	5	Yetman	1
Mathoura	3	Pomona	1	Ungarie	9	Yoogali	1
Matong	1	Pooncarie	1	Urana	5	Young	5
Mendooran	5	Portland	4	Urbenville	1	Zig Zag	1
Menindee	21	Premer	1	Wakool	2		
Merriwa	4	Quambone	2	Walbundrie	1		
Michelago	1	Quandialla	5	Walcha	6		
Milbrodale	1	Quirindi	10	Walgett	51		
Milbrulong	1	Rankins Springs	1	Walla Walla	3		
Mingoola	1	Red Range	1	Wallabadah	1		
Moama	3	Rocky River	1	Wambangalang	1		
Molong	1	Rosewood	1	Wanaaring	1		
Moonbi	1	Rouchel	1	Warialda	6		
Moree	47	Rowena	2	Warren	12		
Moulamein	7	Rugby	1	Wee Jasper	1		
Mudgee	6	Rye Park	1	Wee Waa	18		
Mungindi	13	Rylstone	4	Weethalle	1		
Murrumburrah	2	Spencer	1	Weilmoringle	2		
Naradhan	1	Spring Ridge	2	Wellington	5		
Narrabri	20	Spring Terrace	1	Wentworth	7		
Narrandera	12	Stockinbingal	1	Werris Creek	1		
Narromine	6	Stratford	1	West Wyalong	12		
Nevertire	1	Stuart Town	1	White Cliffs	2		
Newbridge	1	Tarago	1	Wilcannia	22		
Niangala	2	Temora	8	Willow Tree	1		
Nimmitabel	1	Temora West	1	Windellama	1		
North Star	3	Tenterfield	8	Wollar	1		
Nowendoc	1	Tibooburra	4	Wombat	1		
Nundle	2	Tingha	1	Woodenbong	8		
Nymagee	1	Tocumwal	1	Woolbrook	1		
Nyngan	21	Tooleybuc	8	Woolomin	1		
Oaklands	4	Tooraweenah	1	Wyalong	1		
Oberon	4	Tottenham	7	Wyangala Dam	1		
Palinyewah	1	Trangie	8	Wyaliba	1		
Pallamallawa	2	Trundle	5	Yarrowitch	1		

Financial Statements

For the Year Ended 30 June 2012

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Statement by Members



Pursuant to Section 41C (1B) and 1(C) of 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 and notes thereto exhibit a true and fair view of the financial position of the Teacher Housing Authority of New South Wales as at 30 June 2011 and the transactions for the year ended; and
- (ii) The statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the applicable clauses of the Public Finance and Audit Regulation 2010, and the Treasurer's Directions.

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

A handwritten signature in black ink, appearing to read 'Ken Kanofski'.

Ken Kanofski
Chair

27 September 2012

A handwritten signature in black ink, appearing to read 'Philip Shelley'.

Philip Shelley
General Manager



INDEPENDENT AUDITOR'S REPORT

Teacher Housing Authority of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Teacher Housing Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Authority
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



David Nolan
Director, Financial Services

28 September 2012
SYDNEY

[Start of Audited Financial Statements]

Statement of Comprehensive Income

For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
REVENUES			
Rental Income	2	9,983	10,014
Investment Income		105	302
Other Income		88	230
Grant from DEC		600	600
State Government Contribution	3	5,583	5,473
TOTAL REVENUES		16,359	16,619
EXPENSES			
Property Maintenance	4	8,915	8,464
Refurbishment of School Residences		1,427	2,569
Property Rates	5	1,894	1,801
Property Leasing	6	52	27
Personnel Services Expense	7	3,142	1,715
Borrowing Costs		90	0
Other Administration Expenses	8	2,561	3,018
Depreciation	11(a)	2,928	2,971
TOTAL EXPENSES		21,009	20,565
Loss on Disposal of Non-Current Assets	11(b)	193	93
Deficit for the Year		4,843	4,039
OTHER COMPREHENSIVE INCOME			
Net revaluation increment/(decrement) in property, plant and equipment	11(a)	9,384	1,763
OTHER COMPREHENSIVE INCOME FOR THE YEAR		9,384	1,763
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,541	(2,276)

The accompanying notes form part of these statements.

Statement of Changes in Equity

For the Year Ended 30 June 2012

	Note	Accumulated funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance as at 1 July 2011		73,413	75,937	149,350
Deficit for the year		4,843	0	4,843
Other comprehensive income:				
Net revaluation increment/(decrement) in property, plant and equipment	11(a)	0	9,384	9,384
Transfer from Asset Revaluation Reserve on disposal of property, plant and equipment		2,917	(2,917)	0
Total other comprehensive income		2,917	6,467	9,384
Total comprehensive income for the year		(1,926)	6,467	4,541
Balance as at 30 June 2012		71,487	82,404	153,891
Balance as at 1 July 2010		76,382	75,244	151,626
Deficit for the year		4,039	0	4,039
Other comprehensive income:				
Net revaluation increment/(decrement) in property, plant and equipment	11(a)	0	1,763	1,763
Transfer from Asset Revaluation Reserve on disposal of Property, plant and equipment		1,070	(1,070)	0
Total other comprehensive income		1,070	693	1,763
Total comprehensive income for the year		(2,969)	693	(2,276)
Balance as at 30 June 2011		73,413	75,937	149,350

The accompanying notes form part of these statements.

Statement of Financial Position

As at 30 June 2012

	Note	2012 \$'000	2011 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	9	901	795
Receivables	10	427	422
Total Current Assets		1,328	1,217
Non-Current Assets			
Property, Plant and Equipment	11(a)	160,542	150,107
Personnel Services – Prepaid Superannuation	10(b)	31	58
Total Non-Current Assets		160,573	150,165
TOTAL ASSETS		161,901	151,382
LIABILITIES			
Current Liabilities			
Payables	12	1,581	1,505
Borrowings	13	397	0
Provisions – Personnel Services	15	615	515
Total Current Liabilities		2,593	2,020
Non-Current Liabilities			
Borrowings	13	4,603	0
Provisions – Personnel Services	15	814	12
Total Non-Current Liabilities		5,417	12
TOTAL LIABILITIES		8,010	2,032
NET ASSETS		153,891	149,350
Equity			
Accumulated Funds		71,487	73,413
Reserves		82,404	75,937
TOTAL EQUITY		153,891	149,350

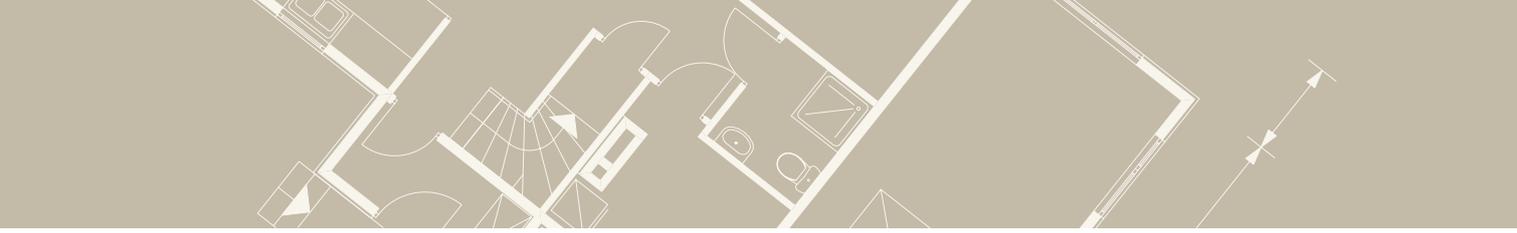
The accompanying notes form part of these statements.

Statement of Cash Flows

For the Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Cash Flows from Operating Activities			
Payments			
Property and Administration		(12,434)	(12,982)
Personnel Services Expense		(3,215)	(1,809)
Department of Education and Communities Payments		(1,427)	(2,569)
Total Payments		(17,076)	(17,360)
Receipts			
Rental Income		9,978	10,054
Investment Income		105	302
Other Income		88	230
Total Receipts		10,171	10,586
Cash Flows from Government			
State Government Contribution	3	5,583	5,473
Department of Education and Communities Contribution		600	600
Net Cash Flows from Government		6,183	6,073
Net Cash Flows From Operating Activities	17	(722)	(701)
Cash Flows from Investing Activities			
Purchases of Non-Current Assets	11(a)	(7,452)	(6,616)
Proceeds from Disposal of Non-Current Assets	11(b)	3,280	1,244
Net Cash Flows From Investing Activities		(4,172)	(5,372)
Cash Flows from Financing Activities			
Proceeds from borrowings	13	5,000	0
Repayment of borrowings	13	0	0
Net Cash Flows from Financing Activities		5,000	0
Net Increase/(Decrease) in Cash		106	(6,073)
OPENING CASH AND CASH EQUIVALENTS		795	6,868
CLOSING CASH AND CASH EQUIVALENTS	9	901	795

The accompanying notes form part of these statements.



Notes

Accompanying and forming part of the Financial Statements for the year ended 30 June 2012

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Teacher Housing Authority of NSW, as a reporting entity, is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The Authority is consolidated as part of the NSW Total State Sector Accounts. The financial statements were authorised by the Board on 27 September 2012.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2010;
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

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

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

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

At 30 June 2012, the Authority's current liabilities exceeded its current assets by \$1.265m. In July 2012, the Authority received State Government Contribution of \$3.705m which was used, in part, to pay current liabilities.

Management believes the going concern assumption is appropriate as its revenue streams are fixed and variable costs, such as future property maintenance and the capital expenditure program, can be reduced or deferred, if required.

(c) Statement of Compliance

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

(d) Income Recognition

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

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

(e) Personnel Services and other provisions

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

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

(f) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit general government sector agencies.

(g) Insurance

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

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

The Authority is classified as a full input-taxed entity as all core-business revenues are generated from input-taxed supplies. Accordingly, all expenses, assets and payables relating to these supplies are recognised inclusive of GST. Cash flows are included in the statement of cash flows on a gross basis.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

(i) Acquisitions of Assets

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

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

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

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

(j) Capitalisation Thresholds

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

(k) Revaluation of Property, Plant and Equipment

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

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

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

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

The Authority revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2012 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

(l) Impairment of Property, Plant and Equipment

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

(m) Depreciation of Property Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. The rates determined for the 2012 financial year are:

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

(n) Maintenance

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

(o) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the surplus / (deficit) for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(p) Investments

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

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

(q) Impairment of Financial Assets

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

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

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

(r) Payables

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

(s) Remuneration of Authority Members

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

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

(t) New Australian Accounting Standards issued but not effective

At the reporting date, the following new Accounting Standards (which include Australian Accounting Interpretations) have not been early adopted:

- AASB 9 and AASB 2010-7 regarding financial instruments
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 and AASB 2011-8 regarding fair value measurement
- AASB 19, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2011-4 removing individual KMP disclosure requirements
- AASB 2011-9 regarding presentation of items of other comprehensive income
- AASB 2011-12 regarding Interpretation 20
- AASB 2011-13 regarding AASB 1049 and GAAP/GFS harmonisation

2. Rental Revenue

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

Rental Income comprise:	2012 \$'000	2011 \$'000
Gross Rental Income	9,983	10,014
Total Rental Income	9,983	10,014

3. State Government Contribution

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

State Government Contribution comprise:	2012 \$'000	2011 \$'000
State Government Contribution	5,583	5,473
Total State Government Contribution	5,583	5,473

4. Property Maintenance

Property Maintenance Expenses comprise:	2012 \$'000	2011 \$'000
Plumbing	550	630
Electrical	271	338
General Maintenance	1,248	1,292
Ground / Yard Maintenance	918	880
Air Cooling Installation and Maintenance	453	647
Air Conditioners & Fans	12	275
Furnishings, Fixtures and Fittings	781	985
Property Refurbishment	4,471	3,113
Other Maintenance	211	304
Total Property Maintenance Expenses	8,915	8,464

5. Property Rates

Property Rates comprise:	2012 \$'000	2011 \$'000
Annual Rates	1,592	1,529
Water Rates	249	228
Other	53	44
Total Property Rates	1,894	1,801

6. Property Leasing

During the year, the Authority had head leased five properties in Menindee at a cost of \$52,508. (Four properties in 2011 at a cost of \$27,396).

7. Personnel Services

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

Personnel Services comprise:	2012 \$'000	2011 \$'000
Salaries and Wages	1,777	1,694
Recreation Leave	127	167
Long Service Leave	130	54
Superannuation	978	(359)
Total	3,012	1,556
Other Personnel Services Expense	130	159
Total Personnel Services Expense	3,142	1,715

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

8. Other Administration Expenses

Other Administration Expenses comprise:	2012 \$'000	2011 \$'000
Audit Fees – Audit of the Financial Statements	56	53
Audit Fees – Other	12	39
Consultants	45	226
Office Lease Expense	163	220
Insurance	313	332
Property Valuations / Condition Assessment	442	540
Property Management Fees	860	905
Computer Systems Development	120	133
Office Equipment Maintenance Contracts	10	42
Conferences	48	1
Travel Expenses	107	108
Admin Support Services	0	3
Admin Cost – Outsourcing	139	135
Annual Report	27	19
Staff Development	38	49
Printing & Stationery	50	33
Office Furniture & Equipment (Minor)	2	37
Crown Land Rent	0	20
Telephone Expenses	23	29
Allowance for Impairment ^[Note 10(a)]	(4)	7
Other General Administration	110	87
Total Other Administration Expenses	2,561	3,018

9. Cash and Cash Equivalents

The Authority utilises the NSW Treasury Corporation (T Corp) 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 Trust are funds management investments and consequently, investments are recorded at market value.

Cash and Cash Equivalents comprise:	2012 \$'000	2011 \$'000
Cash on Hand	1	1
Cash at Bank	92	295
Investments	808	499
Total Cash and Cash Equivalents at 30 June	901	795
Represented in the Statement of Financial Position as:		
Current Assets – Cash and Cash Equivalents	901	795
Total Cash and Cash Equivalents at 30 June	901	795

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

10. Receivables

Receivables comprise:	2012 \$'000	2011 \$'000
Current:		
Rental Debtors	253	242
Allowance for Impairment ^[Note 10(a)]	(43)	(55)
Tenancy Liaison Service Agent Advances	207	183
Other Debtors	10	52
Total Receivables	427	422

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

(a) Allowance for Impairment

Allowance for Impairment – movement	2012 \$'000	2011 \$'000
Opening Allowance at 1 July	55	52
Debts Written Off ^(Note 16)	(8)	(4)
New Allowance Transferred In/(Out)	(4)	7
Closing Allowance at 30 June	43	55

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

(b) Personnel Services – Prepaid Superannuation (Asset)

Personnel Services – Prepaid Superannuation Movement	2012 \$'000	2011 \$'000
Non-Current:		
Balance at 1 July	58	46
Increase/(Decrease) in Superannuation Asset	(27)	12
Personnel Services – Prepaid Superannuation (Asset) at 30 June	31	58
Represented in the Statement of Financial Position		
Non-Current Asset – Personnel Services – Prepaid Superannuation	31	58
Personnel Services – Prepaid Superannuation (Asset) at 30 June	31	58

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

11. Land and Buildings, Office Furniture and Equipment and Office Refurbishment

(a) Movement – \$'000	Land and Buildings	Office Furniture & Equipment	2012 Total \$'000	2011 Total \$'000
At Fair Value				
Net Carrying Amount at Beginning of Year	150,073	34	150,107	146,036
Work-in-Progress	6,009	0	6,009	3,285
Additions	1,443	0	1,443	3,331
Disposals	(3,443)	(30)	(3,473)	(1,337)
Net Revaluation Increments/(Decrements)	9,384	0	9,384	1,763
Depreciation Expenses	(2,926)	(2)	(2,928)	(2,971)
Fair Value at End of Year	160,540	2	160,542	150,107
Gross Carrying Amount 30 June 2012	160,540	36	160,576	
Accumulated Depreciation	0	(34)	(34)	
Fair Value	160,540	2	160,542	
Gross Carrying Amount 30 June 2011	150,073	133	150,206	
Accumulated Depreciation	0	(99)	(99)	
Fair Value	150,073	34	150,107	

A physical valuation was completed by an independent valuer resulting in revaluation of portfolio for 2012. Other revaluation increments / decrements in 2012 resulted from completions and transfers of land and buildings from work in progress during the year. Work in Progress included in the fair value was \$6.009m in 2012 and \$3.285m in 2011.

In the prior year, a market review by region was completed by an independent valuer resulting in forecast indices that provided a portfolio escalation for 2011.

(b) Disposals \$'000	Land and Buildings	Office Furniture & Equipment	2012 Total \$'000	2011 Total \$'000
Gross Proceeds	3,433	2	3,435	1,331
Written Down Value	(3,443)	(30)	(3,473)	(1,337)
Disposal Costs	(155)	0	(155)	(87)
Gain/(Loss) on Disposal	(165)	(28)	(193)	(93)

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

12. Payables

Payables comprise:	2012 \$'000	2011 \$'000
Prepayments by Tenants	38	18
Other Creditors and Accruals	1,543	1,487
Total Payables	1,581	1,505

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 18.

13. Borrowings

Borrowings comprise:	2012 \$'000	2011 \$'000
T Corp Loan (Current Liability)	397	0
T Corp Loan (Non-Current Liability)	4,603	0
Total Borrowings	5,000	0

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 18.

(a) TCorp Loan

The Authority received Treasurer's approval to obtain financial accommodation for up to \$5.0 million, under section 8(2) of the *Public Authorities (Financial Arrangements) Act 1987*. A Credit Foncier loan with a face value of \$5.0 million was obtained from NSW Treasury Corporation in February 2012 at a fixed interest rate of 4.98% for a term up to 10 years.

14. 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

In March 2011 the Authority relocated to Level 23, McKell Building, 2–24 Rawson Place, Sydney NSW 2000. The Authority has entered into an Occupation Agreement with DFS over a period of 5 years commencing 1 April 2011. The expenditure commitments for the minimum lease payments over the remaining terms of this lease are:

Office Lease Commitments	2012 \$'000	2011 \$'000
Payable within one year	163	163
Payable between two and five years	449	612
Payable after five years	0	0
Total Office Lease Commitments	612	775

(b) Other Operating Commitments – Property Maintenance and School Residence Refurbishment

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

Property Maintenance Commitments	2012 \$'000	2011 \$'000
Payable within one year	878	3,085
Total Property Maintenance Commitments	878	3,085

School Residence Refurbishment Commitments	2012 \$'000	2011 \$'000
Payable within one year	75	1,130
Total Property Maintenance Commitments	75	1,130

(c) Head Lease Commitments

Head lease commitments arise from leases entered into for five properties (as at 30 June 2012) in Menindee. The amount contracted for at balance date but not recognised in the accounts as a liability is:

Head Lease Commitments	2012 \$'000	2011 \$'000
Payable within one year	30	33
Payable within two and five years	4	18
Total Head Lease Commitments	34	51

(d) 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	2012 \$'000	2011 \$'000
Payable within one year	728	6,198
Total Capital Commitments	728	6,198

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

15. Provisions

A current and non-current liability to the Department of Finance & Services (DFS) includes provisions for all personnel services related entitlements.

Personnel Services Liability – movement	2012 \$'000	2011 \$'000
Balance at 1 July	527	947
Increase/(Decrease) in liability to DFS	902	(420)
Personnel Services Liability at 30 June	1,429	527
Represented in the Statement of Financial Position		
Current Liability to DFS	615	515
Non-Current Liability to DFS	814	12
Personnel Services Liability at 30 June	1,429	527

Aggregate Personnel Services Liability – dissection	2012 \$'000	2011 \$'000
Recreation Leave (Current Liability)	155	175
Conditional Long Service Leave (Non-Current Liability)	11	10
Unconditional Long Service Leave (Current Liability)	460	340
Personnel Services – Unfunded Superannuation (Non-Current Liability)	803	2
Aggregate Personnel Services Liability at 30 June	1,429	527

The value of Recreation Leave and associated on-costs expected to be taken within 12 months is \$154,769 and after 12 months is Nil. The Authority has a proactive Recreation Leave management program, whereby all staff is encouraged to take their full entitlement each year.

The value of Long Service Leave and associated on-costs expected to be taken within 12 months is \$52,333 and after 12 months is \$419,286.

16. Debts Written Off

Debts Written Off Comprise:	2012 \$'000	2011 \$'000
Uncollectable rental account debts ^[Note 10(a)]	8	4
Total Debts Written Off	8	4

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

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

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

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and investments readily convertible to cash. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled at Note 9.

Reconciliation of Cash Flow from Operating Activities to Operating Deficit as reported in the Statement of Comprehensive Income	2012 \$'000	2011 \$'000
Operating Deficit	4,843	4,039
Non Cash Expenses / (Revenues):		
Depreciation	2,928	2,971
Loss/(Gain) on Disposal of Non-Current Assets	193	93
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Payables and other liabilities	76	666
Decrease/(Increase) in Receivables	22	28
Increase/(Decrease) in Provisions	902	(420)
Net Cash Flow from Operating Activities	(722)	(701)

18. Financial Instruments

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

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

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

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

(a) Financial Instrument Categories

Financial Assets			Carrying Amount	
Class:	Note	Category	2012 \$'000	2011 \$'000
Cash and cash equivalents	9	N/A	901	795
Receivables ⁽¹⁾	10	Loans and Receivables at amortised cost)	427	422

Financial Assets			Carrying Amount	
Class:	Note	Category	2012 \$'000	2011 \$'000
Payables ⁽²⁾	12	Financial liabilities measured at amortised cost	858	868
Borrowings	13	Financial liabilities measured at amortised cost	5,000	0

Notes

(1) Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

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

(b) Credit Risk

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

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

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

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking system. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11 am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass Cash facility is discussed in paragraph (d) below.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

Receivables – trade debtors

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

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012: \$7K; 2011: \$2K) and not more than 3 months past due (2012:\$6K; 2011:\$3K) are not considered impaired and together these represent 2.7% of the total trade debtors. The Authority debtors represent a large number of individual teachers whose particular credit rating will vary and are unknown to the Authority. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

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

2012 (\$'000)	Total ⁽¹⁾	Past due but not impaired ⁽¹⁾	Considered impaired ⁽¹⁾
< 3 months overdue	6	6	–
3 months – 6 months overdue	43	–	43
> 6 months overdue	–	–	–
2011 (\$'000)			
< 3 months overdue	3	3	–
3 months – 6 months overdue	55	–	55
> 6 months overdue	–	–	–

(1) Each column in the table reports “gross receivables”.

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

Authority Deposits

The entity has placed funds on deposit with TCorp, which has been rated “AAA” by Standard and Poor’s. These deposits are similar to money market or bank deposits and can be placed “at call” whilst the interest rate payable can vary.

Cash Facility Trust: The deposits at balance date were earning an average interest rate of 4.89% (2011: 5.37%), while over the year the weighted average interest rate was 5.24% (2011: 7.42%) on a weighted average balance during the year of \$1,375,253 (2011 – \$604,449). None of these assets are past due or impaired.

Strategic Cash Facility Trust: The deposits at balance date were earning an average interest rate of 4.89% (2011: 5.54%), while over the year the weighted average interest rate was 4.36% (2011: 5.90%) on a weighted average balance during the year of \$470,719 (2011 – \$4,168,324). None of these assets are past due or impaired.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

(c) Liquidity Risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The Authority did not have to make any interest payment in this respect during the year.

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

	Weighted Average Effective Interest Rate	Nominal Amount ⁽¹⁾ (\$'000)	Interest Rate Exposure (\$'000)			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 yr	1–5 yrs	> 5 yrs
2012								
Payables:	–	858	–	–	858	858	–	–
Borrowings:	4.98%	6,409	1,409	–	–	641	2,564	3,204
2011								
Payables:	–	868	–	–	868	868	–	–
Borrowings:	–	–	–	–	–	–	–	–

Note

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the Statement of Financial Position.
- Of the \$2.564m disclosed in the 2012 'other loans and deposits' time band 1–5 yrs, the Authority intends to repay nil in the first quarter of 2012.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

(d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the entity's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, from NSW TCorp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

	Carrying Amount	(\$'000)			
		-1% Result	Equity	+1% Result	Equity
2012					
Financial assets					
Cash and cash equivalents	901	(9)	(9)	9	9
Receivables	427	-	-	-	-
Financial liabilities					
Payables	858	-	-	-	-
Borrowings	5,000	-	-	-	-
2011					
Financial assets					
Cash and cash equivalents	795	(8)	(8)	8	8
Receivables	422	-	-	-	-
Financial liabilities					
Payables	868	-	-	-	-
Borrowings	-	-	-	-	-

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

Other price risk – TCorp Hour Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2012 (\$'000)	2011 (\$'000)
Cash facility	Cash, money market instruments	Up to 1.5 years	807	259
Strategic Cash Facility	Cash, money market instruments	1.5 – 3 years	1	240

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

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

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

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

Facility	Change in unit price	Impact on profit / loss	
		2012 (\$'000)	2011 (\$'000)
Hour Glass Investment – Cash Facility	+/- 1%	+/- 8	+/- 3
Hour Glass Investment – Strategic Cash Facility	+/- 1%	+/- 0	+/- 2

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2012

(e) Fair Value compared to carrying amount

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

Except where specified below, the amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

The following table details the financial instruments where the fair value differs from the carrying amount:

	2012 \$'000 Carrying Amount	2012 \$'000 Fair Value	2011 \$'000 Carrying Amount	2011 \$'000 Fair Value
Financial assets				
Cash and Cash Equivalents	901	901	795	795
Receivables	427	427	422	422
Financial liabilities				
Payables	858	858	868	868
Borrowings	5,000	5,000	-	-

(f) Fair value recognised in the statement of financial position

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. These inputs are readily available in the market and are normally obtainable from multiple sources.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable in a market for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). These inputs must be observable for substantially the full term of the financial instrument.
- Level 3 – Valuation techniques for which any significant input is not based on observable market data. This includes any instrument that is not categorised as Level 1 or Level 2.

	Level 2 \$'000
Financial assets at fair value	
TCorp Hour-Glass Investment Facility	
(i) Cash Facility	807
(ii) Strategic Cash Facility	1
Total	808

There were no transfers between level 1 and 2 during the period ended 30 June 2012.

19. Contingent Liability

The Authority is unaware of any significant contingent liabilities as at 30 June 2012 (nil in June 2011).

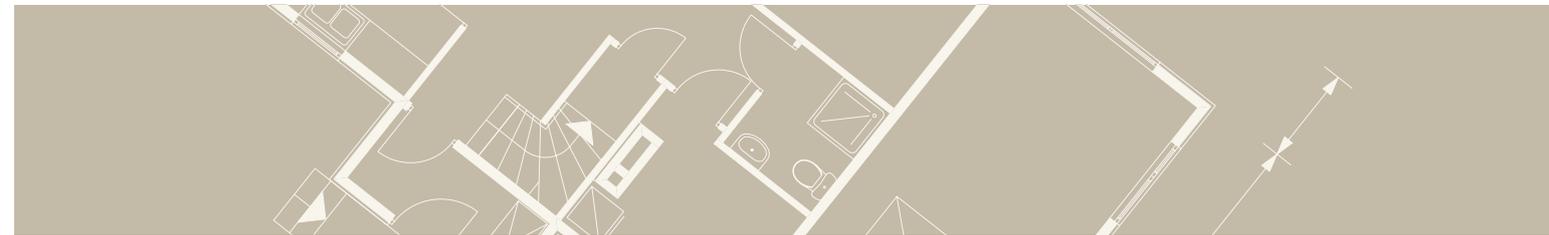
20. After Balance Date Events

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

End of Audited Financial Statements

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Access to Services

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Level 23, 2–24 Rawson Place
Sydney NSW 2000

Postal Address

Locked Bag 7
Haymarket NSW 1240

Key Telephone Numbers

Switchboard	(02) 9260 2000
Toll Free	1300 137 343
Facsimile	(02) 9260 2060
General Manager	(02) 9260 2001
Manager Strategy & Finance	(02) 9260 2002
Business Strategy Analyst	(02) 9260 2003
Financial Accountant	(02) 9260 2019
Executive Officer	(02) 9260 2020
Manager Tenancy Services	(02) 9260 2011
Asset Manager	(02) 9260 2022

Tenancy Service Areas

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

Building Services (Assets)

Technical Officer (North)	(02) 9260 2024
Technical Officer (South)	(02) 9260 2005
Contracts Administration Officer	(02) 9260 2025
Maintenance Officer (responsive)	(02) 9260 2010

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This report is also available on the internet at
www.tha.nsw.gov.au/about/annualreport.cfm



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