



Teacher  
Housing

# 2014/15

## ANNUAL REPORT





# Contents

The Hon. Dominic Perrottet MP  
Minister for Finance, Services and Property  
52 Martin 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 THA activities for the year ending 30 June 2015 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,



**Brett Newman**  
Chairperson



**Philip Shelley**  
General Manager  
31 October 2015

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## Mission

Provide an economic, effective and efficient housing service for teachers in rural and remote communities where the private rental market does not meet their needs.

## Vision

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

THA's key result areas are:

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

## Aims and objectives

THA's aims and objectives 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 is a statutory corporation constituted under the *Teacher Housing Authority Act 1975* as amended.

Under the Act, the principal object of THA is to provide and maintain suitable and adequate housing accommodation for teachers. 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 2014–15

Achievements	Pages
• Completed the construction of six single-bedroom units.	13, 22
• Commenced construction on a further four units, including a prototype of a cost efficient flexible design that will meet varying demand, improving asset utilisation.	13, 22
• Commenced planning on a further sixteen units, eight of which will incorporate the flexible design.	13, 22
• Allocated a portion of Moree accommodation exclusively to temporary teachers, meeting the needs of this growing customer segment.	23
• Sold 26 residences contributing \$4.1 million towards future projects.	13, 23
• Returned the administration of 26 school residences to the Department of Education and Communities, reducing exposure to risk associated with this ageing segment of the portfolio.	13
• Refurbished 39 residences, at a cost of \$3.53 million improving the quality and useful life of these residences.	13
• Conducted two on-line forums, to better understand the needs of teachers and ensure service delivery meets customer expectations.	11
• Continued research, in conjunction with the University of Sydney, comparing the biophysical performance and achieved satisfaction outcomes of the Broken Hill Eco Village against conventional residences in that town.	12
• Developed a strategic asset plan that offers teachers greater choice of where they can live, enhancing their experience while improving overall teacher utilisation and the ability to manage cost.	12
• Reviewed the funding and operating models of comparable agencies, in other jurisdictions that provide employees with accommodation.	4
• Hosted a conference for local housing representatives – a key stakeholder group.	8
• Expanded the Hazardous Materials Management Plan ensuring compliance with NSW Work Health and Safety Act 2011.	13
• Conducted hazardous materials surveys on 84 residences in Local Government Areas that WorkCover identified as those where loose fill asbestos may have been used as home insulation.	13

## Focus for 2015–16

### Focus

- Implement the strategic asset plan including stakeholder consultation.
- Engage with employees, provide development opportunities and provide a positive work culture to enable them to perform at their best.
- Implement recommendations from the review of funding and operating models of comparable agencies, in other jurisdictions that provide employees with accommodation.
- Liaise with customers and stakeholder groups so as to ensure their expectations are met or exceeded.
- Implement capital management initiatives to strengthen financial efficiency and improve operating performance.



## Chairpersons Report

Teacher Housing provides accommodation in rural and remote communities where the private rental market is inadequate. This service is vital as it supports the delivery of quality education through staffing schools and TAFE facilities in these areas.

During the year, a strategic asset plan focused on longer term asset planning decisions was developed by management. It aligns the portfolio with the needs of teachers and efficient asset utilisation. It will be reviewed by the Board to ensure it remains relevant and to monitor progress against planned outcomes.

In Moree, where the private rental market is partly-adequate, a project of six single-bedroom units was completed and allocated to teachers who accept temporary positions. These teachers often accept positions at short notice and Moree's fluctuating private-rental market means it can be difficult for them to find suitable accommodation. This project was welcomed by the principals of the ten schools that will benefit from this accommodation.

Projects nearing completion at the end of the year include two new units in Narrandera and the prototype of our new flexible-design in Lake Cargelligo. This innovative design allows a duplex to be re-configured as either two, two-bedroom units, or one three-bedroom house and one single-bedroom unit. The design is cost efficient and uses the design principle from our Eco Village, in Broken Hill, which opened in 2012.

The flexible-design provides accommodation for singles, couples and families and will improve asset utilisation in the longer term. Similar projects are underway in Coonamble and Brewarrina and both will be available for teachers in 2016.

During the year, proceeds from the sale of 26 residences generated \$4.1 million. These funds will be used to invest in new housing and meet new demand and to replace residences that are no longer suitable for teachers. Investment in new housing for the year totalled \$3.3 million and \$5.7 million will be invested next year.

Local Housing Representatives continue to play an important role liaising with teachers, advising on teacher movements and accommodation needs in general.

These teachers provide their time on a voluntary basis and it was useful for Board members and staff to meet them at the conference we hosted in August 2014. Our conference provides an opportunity to meet and update this key stakeholder group with our plans and provides delegates a chance to share ideas and discuss issues relating to their local community.

Upon reviewing the funding and operating models of comparable agencies, there are key divergences in funding and governing methods in other jurisdictions. However, maintenance expenditure is broadly in line with those other agencies. Notwithstanding this, there is a need for us to review maintenance expenditure with consideration to management's strategic asset plan to ensure capital efficiency and sustainability in the longer term.

I take this opportunity to thank departing Board members Glenn Downie and Paul Loxley for their positive contribution to Teacher Housing during their terms on the Board.

Glenn's insight and knowledge of project management has helped guide the delivery of numerous projects. Paul's profound understanding of issues facing teachers appointed to schools in isolated areas has been invaluable.

On a similar note, I welcome Mark Anderson and Trish Webb, from the Department of Education, to the Board. They bring to Teacher Housing many years of experience in providing and managing the delivery of education in rural and remote communities. I look forward to working with them.

I would like to thank the other Board members for their commitment and valued support throughout the year.

Finally, I also extend my appreciation to Philip Shelley, General Manager, and the management and staff at Teacher Housing, who continue to be hard-working and enthusiastic in their approach to ensuring service quality to support the delivery of education in rural and remote communities across the State.

A handwritten signature in black ink, appearing to read 'Brett Newman', is positioned above the printed name.

**Brett Newman**  
Chairperson  
Teacher Housing Authority

## Board Members

### Chairperson

#### Brett Newman

MBA (Distinction) from London Business School and LLM, LLB, BEd Sydney University  
(from 7 August 2013 – present) (Ex-officio)  
Chief Executive Officer, Government  
Property NSW (GPNSW)  
Deputy Secretary, OFS Property & Housing Group

Brett Newman was nominated by the Chief Executive Officer of the Office of Finance and Services (OFS), on 7 August 2013.

Brett was appointed CEO of GPNSW in April 2013. In August 2013, the role was expanded to include Deputy Secretary of OFS Property and Housing Group. He is the chair of the Strategic Property Transactions Group, on the Board of the Sydney Harbour Foreshore Authority and participates in a number of government wide strategic steering committees including for TAFE NSW, Crown Lands Review and Service NSW.

Prior to his current role, Brett's previous positions include executive roles at Stockland Capital Partners, Hastings Funds Management and Macquarie Bank.

### Deputy Chairperson

#### Mark Byrne

MM, MBA  
(from January 2007 – January 2014 re-appointment pending during 2014–15)  
Regional Asset Director, South Eastern Region,  
NSW Land and Housing Corporation.

Mark Byrne is nominated by the Minister for Family and Community Services and appointed, by the Governor. He has been re-nominated, by the Minister for Family and Community Services, and as at 30 June 2015 his re-appointment was pending.

Mark's substantive role is Regional Asset Director, South Eastern Region, NSW Land and Housing Corporation where he is engaged in transformational strategies to improve public housing and community outcomes.

Prior to his current role, Mark held senior positions with the former Housing NSW and NSW Department of Sport and Recreation where he managed 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. His experience at NSW Land and Housing Corporation includes the management and delivery of residential properties in rural and remote NSW.

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.

### Members

#### Glenn Downie

Cert Clerk of Works & Dip Architectural Drafting  
(from December 2009 – April 2015) (Ex-officio)  
Manager, Delivery Asset Management Directorate,  
Department of Education and Communities (DEC)

Glenn Downie was nominated by the Secretary of the Department of Education and Communities (DEC) in December 2009.

Glenn joined DEC as a Senior Technical Officer in 1990.

Prior to his current role, Glenn held various managerial roles in DEC, providing asset service delivery to schools and TAFE both in NSW and, for a short time, with TAFE overseas. As the Manager Delivery, Asset Management Directorate, Glenn brought to the Board extensive operational experience in project delivery, stakeholder and resource management.



### Mark Anderson

B.A., Dip Ed, M.Ed.  
*(from April 2015 – Current) (Ex-officio)*  
Director, People and Careers, Department of  
Education and Communities (DEC)

Mark Anderson was nominated by the Secretary of the Department of Education and Communities (DEC) in April 2015.

Mark began his career with the NSW Department of Education in 1980 teaching History and English at Pendle Hill and Mitchell High Schools. Other roles with that department include Senior Education Officer in the Student Welfare Directorate, Head Teacher History, Deputy Principal and Principal. He was the founding principal of Sydney Secondary College in 2001 and in 2005 accepted a role supporting schools including School Education Director and Assistant Director Staffing Services.

Mark's current role includes the development and delivery of staffing components in major Government education reforms including the Rural and Remote Education Blueprint.

He is the author of over a dozen textbooks about Australian history and literacy development, several of which have won national awards.

### Paul Loxley

BA, Dip Teach  
*(from March 2013 – April 2015)*  
Director, Public Schools, Western Plains Region, DEC

Paul Loxley was nominated by the Secretary of the DEC and appointed, by the Governor, for a two-year term in March 2013.

Paul began his teaching career at Nyngan Public School. His experience includes a two year posting at RAAF School in Malaysia and in 1994 he was appointed School Principal. He has taught in and managed schools in several remote country towns including Brewarrina, Coonamble and Bourke.

Currently, Paul is the Director of Education for the Western Plains Region, a region that includes some of the most remote communities in NSW including Enngonia, Louth, Cobar, Lightning Ridge and Collarenebri.

Having lived in THA accommodation on several occasions, Paul has a sound understanding of issues facing schools in remote parts of the state and the challenges associated with attracting and retaining teachers to these schools.

### Katrina Jay

B Bus (Acc), Dip Ed, CA  
*(from January 2002 – January 2014)*  
*reappointment pending during 2014–15)*  
Manager, Strategic Planning, Western Institute  
of TAFE NSW, Department of Education and  
Communities (DEC)

Katrina Jay was nominated by the Managing Director of TAFE NSW and appointed, by the Governor, in January 2002. She has been re-nominated, by the Managing Director of TAFE NSW, and as at 30 June 2015 her re-appointment was pending.

Based in Orange, in the south-west of the state, Katrina is Manager, Strategic Planning at the Western Institute of TAFE NSW which delivers skills based training in the most remote parts of NSW. She has held a number of finance and strategic managerial positions in TAFE institutes throughout western and northern NSW.

Brought up and educated in remote NSW, Katrina brings a wealth of knowledge and an understanding of the issues that face both teachers and the education community in rural and remote NSW.

### Deborah (Deb) Marten

BA, Dip Teach  
*(from January 2012 – November 2017)*  
Organiser NSW Teachers Federation (NSWTF)

Deb Marten was nominated by the Minister for Education, on the recommendation of the NSW Teachers Federation.

Deb began her teaching career in 1990 at Finley High School and has taught at primary schools, high schools and at TAFE Campus.

In 1998 she accepted a permanent appointment at Finley High School.

In 2008 Deb was elected Organiser for the NSWTF. Based in Wagga Wagga she represents teachers in the Riverina area of NSW.

Brought up in rural NSW and having gained teaching experience across three different levels of education, Deb has a solid understanding of issues facing the delivery of education in rural and remote NSW, the needs of teachers and the challenges that they face.

### Philip Shelley

B. Bus, Grad Dip Mgt, MBA  
*General Manager (Executive Member)*  
*(from June 2008 – present) (Ex-officio)*

Appointed General Manager of THA in June 2008, Philip reports to the Chairperson and the THA Board and is responsible for managing and developing THA as a customer-focused organisation that meets the housing needs of teachers.

Philip has held a variety of senior management positions within the private sector, mostly with Spotless Services Limited and InvoCare Limited. He has developed and led the strategic delivery of service-based commercial solutions in complex, customer service environments.

Philip brings to THA experience in areas such as business improvement, contract management and implementation, operational delivery and business development in customer service environments.

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

## Board Membership

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 Family and Community Services (and is Deputy Chairperson);
- one is nominated by the Secretary, DEC, 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 Chief Executive Officer, OFS, being an officer of that department (and is Chairperson);
- one is appointed by the Secretary, DEC; and
- one is the THA General Manager.

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

## Board Meetings

The Board met on four occasions during the year with attendances as follows:

Nature of appointment	Name	Eligible to attend	Meetings attended
Chairperson (ex-officio)	Brett Newman	4	4
Deputy Chairperson*	Mark Byrne	–	(4)
DEC Member (ex-officio)	Glenn Downie	3	3
	Mark Anderson	1	1
DEC Member	Paul Loxley	3	2
TAFE NSW Member*	Katrina Jay	–	(2)
NSWTF Member*	Deb Marten	2	2 (2)
Executive Member (ex-officio)	Philip Shelley	4	4

\* Re-appointment of these members was pending during the year or part of it. During these periods they were invited to attend meetings as guests. Guest attendances are shown in brackets.



## Related Entity

THA is a non-controlled related entity of the Office of Finance and Services (OFS), which sits within The Department of Treasury NSW. This allows THA to access OFS' Office of Finance and Services corporate support including business and administration systems, HR policies and employee development programs as well as matters concerning audit and risk, ministerial and executive services and legal counsel.

THA submits reports to OFS for inclusion in agency cluster reporting to support OFS and the Minister with reporting to the Expenditure Review Committee (ERC) and Cabinet on behalf of all agencies for which the Minister is responsible for.

On 1 July 2015, OFS became the Department of Finance and Services and Innovation (DFSI).

## Tenancy Services Management

### Rents

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

To determine a market rent for each property, THA engages an independent valuation agency to conduct an annual rental assessment of each residence in the portfolio. When applied across the whole portfolio the 2015 assessment determined an average increase in rent of 3.66%. Increases applied to 46.1% of residences, while 5.0% experienced a decrease. The remaining 48.9% experienced no change.

Revised rents were applicable on 1 May 2015. In accordance with the *Residential Tenancies Act 2010*, increases in rent applied to new leases from 1 May 2015, continuing leases from 28 June 2015 and to fixed-term leases from the end of their fixed term. Rental decreases were effective from 1 May 2015.

Teachers who believe that an increase in rent is excessive or the rent does not reflect the rental market can appeal to the THA for review, or seek a hearing with the NSW Civil and Administrative Tribunal.

## Rental Subsidies

Rental subsidies are offered to teachers who teach in four (incentive) transfer-point, six transfer-point and eight transfer-point schools. These are schools the DEC considers 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.

THA administers the rental subsidy on behalf of DEC and DEC pays the rental subsidy to THA on behalf of those teachers.

DEC does not provide a rental subsidy to NSW TAFE teachers.

## 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 with knowledge of THA procedures, is invaluable in terms of providing support upon a teacher's arrival in a new community.

THA oversees a network of Local Housing Representatives who, in most instances are elected by the local Teacher Association. Representatives are teachers in their local communities. They provide their time voluntarily and play an important role in communicating with THA, school principals and teachers who live in THA accommodation.

As well as 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 THA on policy matters and proposed capital programs.

In August 2014, THA hosted a conference for these representatives. Held in Dubbo, the conference is an ideal opportunity for THA to say thank you to representatives for their positive contribution to the service THA provides.

Sixty participants attended the conference. Topics included: measuring customer service, feedback from the online forum, impacts the strategic asset plan will have on the portfolio, proposed capital projects and design options, management of hazardous materials and the incentives available to teachers under the DEC's Rural and Remote Education Blueprint.

The conference is a good opportunity for representatives to share ideas, meet their respective Tenancy Services Officer, discuss the service THA provides and consider housing issues that may be relevant to their community.

## Managing Agents

THA use local managing agents to provide an accessible and responsive local tenancy management service to tenants on behalf of THA.

Managing Agents receive an annual property management fee for each property they manage. Their role includes: holding keys, arranging maintenance, conducting property inspections and administration of lease agreements.

As at June 2015, THA had seventy one individual managing agents. Five THA properties are administered without a managing agent; these are Bigga (1), Lord Howe Island (3) and Wambalang (1).

## Vacancy/Occupancy Rate

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

During the year the average occupancy rate was 85.0% (2014–15 85.3%). The teacher utilisation rate, a more accurate efficiency indicator increased from 72.8% to 73.9%. Factors influencing the vacancy rate include:

- the difficulty in attracting good tenants to school residences that are not required by teaching staff and are situated in isolated localities;
- declining student enrolments in line with a decline in the population in some communities;
- a high tenant turnover rate (43%), (with an average turnover period of 4 weeks);
- a high vacancy rate during the summer holiday period;
- 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
- a need to leave some residences vacant pending disposal action.

## Housing Demand

As at 30 April 2015, there were 216 unsatisfied applications for accommodation:

- 13 were recent applications that were being processed at the time;
- 53 applications were from teachers who were suitably housed in THA accommodation in the town they were appointed to. Their application was to relocate to another THA residence in that town;
- 141 applications were from teachers who resided in private accommodation in the town they were appointed to and have applied for accommodation to satisfy DEC's requirements for obtaining a rental subsidy. In these areas THA supplements the partly-adequate private rental market (51 of these relate to teachers residing in Broken Hill); and
- 52 longer-term applicants have not been satisfied. These teachers are in private rental accommodation and have requested that their application remain active as they would like to be considered for THA accommodation should it become available. Of these:
  - Eighteen are appointed to schools which attract one or two transfer-points (these communities generally have an adequate private rental market); and
  - Four are appointed to schools that attract four-transfer points; these communities generally have a partly-adequate private rental market.
  - Thirty are appointed to schools that attract four (incentive) transfer points, six and eight transfer-points, these communities generally have a partly-adequate or inadequate private rental market.

Also included in these categories 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.

This data is collected in November and March each year to coincide with the beginning and end of THA's peak period (school year).

Due to the individual needs of each teacher, unsatisfied applications for accommodation are difficult to classify and contain a degree of subjectivity. Notwithstanding this, this is one of a number of factors THA use when considering new supply.



## 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 developing and maintaining relationships with tenants, principals, managing agents, local housing representatives and other key stakeholders in communities where THA provides accommodation.

## Welcome Kit – Tenant Handbook

A welcome kit, designed to allow a tenant to keep all material relating to their accommodation in one place, is provided to all new teacher-tenants. The kit includes a Tenant Handbook prepared with a teacher's needs in mind, a THA pen, key-ring, forms, checklists, and a pamphlet outlining THA's guarantee of service.

The handbook, checklists and forms can also be viewed and downloaded from THA's website.

## Customer Satisfaction (Measurement)

THA conducts a customer survey to measure customer satisfaction. The last survey was conducted in June 2013. It was the fifth year that this survey was conducted, providing a comparison of customer satisfaction from year to year.

Designed to measure overall service quality, the survey segments customers into:

- new teacher-tenants, those who have moved into a THA property in the past six months; or
- established teacher-tenants, those who have lived in a THA property for more than twelve months.

The results also 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 received across ten service-dimensions (courtesy, credibility, competence, reliability, accessibility, empathy, communication, tangibles, responsiveness and security).

The service-dimensions that are important to the customer are identified as are those where customer expectations are not being met – allowing a targeted approach to improving overall customer satisfaction.

The overall results of the survey are identified in the tables below (scores are out of a possible ten).

### Service Provided by THA

	2013	2012	2011	2010	2009
New Tenants	7.8	7.9	8.0	7.6	7.8
Established Tenants	7.9	7.2	7.1	7.2	7.4

### Service Provided by Managing Agents

	2013	2012	2011	2010	2009
New Tenants	7.0	6.8	7.2	7.1	6.7
Established Tenants	7.7	6.7	7.2	7.1	6.7

## Eligibility and Allocation

Residences are allocated to teachers under a housing and eligibility policy that has been approved by the Board.

The policy assesses: family circumstances, engagement status i.e. permanent or temporary, whether a teacher is new to a community, the distance from where they teach, when the application was received and any specific circumstances.

In some areas residences are specifically allocated to teachers on temporary appointments. In these instances a teacher is guaranteed this accommodation for 12 months. After this period, they are expected to find alternative accommodation, which may be other THA accommodation. This component of the policy is suitable for communities where the private rental market is partly-adequate and supports this segment who are often appointed at short notice.

## Online Forum

Between April and June 2014, THA hosted two online forums. Forums provide an opportunity to obtain feedback from customers by exploring their views, experiences and expectations of the service THA provides.

A total of thirty-four teachers participated in the forums:

- Group one consisted of 20 teachers. These teachers have no choice but to live in the community in which they teach because

the community's remoteness means there is no viable alternative.

- Group two consisted of 14 teachers. These teachers have an option of living in a different community to the one in which they teach, and commute a reasonable distance on a daily basis, or live in the same community in which they teach.

Seven discussion topics were released during the seven week period. Topics included: what it is like to live in rural or remote towns; experience with THA, the managing agent and the local housing representative; quality of residences; a teacher's desired proximity to school and services; and improvements THA could make.

Opinions expressed were generally positive and teachers in both forums said they were appreciative of the service they receive from THA. The importance of the service managing agents provide play in the overall service delivery was highlighted and most teachers said that they were happy with the service their agent provided.

The forum ran in place of the customer survey and provided valuable insight which will help improve the service THA provides and in particular contribute to the strategic asset plan developed by management (refers page 12).

Refer to Appendix (11) for more information about the forum including salient comments received from teachers during the seven week period.

## Asset Management

At 30 June 2015 THA's portfolio had a written down book value of \$163.5 million. The portfolio consisted of 1,356 properties, including 111 residences under management (owned by DEC). Refer Key Performance Indicators for a breakdown of the portfolio (page 18).

THA had a presence in 215 different communities with the number of properties per community shown in the following table:

Community Presence	Number of Communities	Number of Properties	Percent of Portfolio
More than 50 properties	4	227	17%
Between 30 – 50 properties	4	149	11%
Between 20 – 29 properties	6	141	10%
Between 10 – 19 properties	24	336	25%
Between 5 – 9 properties	42	272	20%
Between 2 – 4 properties	50	144	11%
With a single property	85	85	6%
<b>Total</b>	<b>215</b>	<b>1356</b>	<b>100%</b>



## Strategic Asset Plan

In 2012 THA reviewed the adequacy of the private rental markets where it provides accommodation. One recommendation from that review was a need for long term asset planning to: address the disposal of surplus assets, replace those in poor locations or at the end of their economic lives and new supply to meet a portion of the unmet demand.

In response, management has developed a strategic asset plan that considers the above in light of variables, many of which are unique to THA's customer base and the rural and remote locations which affect the portfolio.

Many communities are too remote to offer a teacher a reasonable commute from one community to another. In these areas teachers have no option but to live in the same community as the one in which they teach.

However, there are areas where teachers do have an opportunity to commute, a reasonable distance, from one community to another. Often it is their preference to live in a community which greater lifestyle choices and make a daily commute.

In many areas where a reasonable commute is possible the portfolio is broadly spread, having grown organically over time. This combined with the development of a private rental market, in particular in areas where the DEC do not provide a rental subsidy, has resulted in an oversupply in some areas.

The strategic asset plan will, where possible, offer teachers a choice of which community they can live in. This will enhance their experience in the bush, further supporting the Department of Education's recruitment and retention strategies.

The plan identifies residences that are surplus to need, provides replacements for those that are at the end of their economic lives and new residences to meet existing outstanding demand.

The strategic asset plan underpins portfolio management and supports recommendations made to the Board.

## Eco Village

Privacy, comfort and options for greener, outdoor living are high on the list of what teachers want in a home and THA's Broken Hill Eco Village, completed in July 2012, was purpose-built with these needs in mind.

The furnished development consists of six 4-bedroom houses that can be re-configured into 12 independent one, two or three-bedroom apartments. Each house can be easily adapted to become two separate and secure residences to suit families, couples or single occupants. This flexibility improves asset utilisation and the environmentally sustainable features have been designed to suit the extreme climate in Broken Hill.

THA, in conjunction with the Government Architects Office is industry partnering with the Faculty of Architecture, Design and Planning at the University of Sydney for an Australian Research Council (ARC) linkage grant. This research will compare the biophysical performance and achieved satisfaction outcomes of the Eco Village against some of THA's more conventional residences in Broken Hill.

Addressing the social and environmental aspects of sustainable housing, the research will focus on the role of the occupant's attitudes and satisfaction in social sustainability, using a quality of life metric – developed by the University.

## Flexible Accommodation

Varying teacher demands and maintaining acceptable asset utilisation presents a challenge in terms of providing an optimum number of residences in each community.

To meet this challenge THA has developed flexible accommodation which incorporates design elements from the Eco Village. A single level duplex can be configured into either: two two-bedroom units or; one single-bedroom unit and one three-bedroom unit. The first of these will be completed in Lake Cargelligo in July 2015 and in Coonamble (2) and Brewarrina in early 2016.

Flexible accommodation design will meet the needs of families, couples and singles alike as well as provide improved asset utilisation over the life of the asset.

## 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 THA completed the construction of six new residences (refer Appendix 1 on page 22).

A further four residences, considered work in progress as at 30 June 2015, were nearing completion. Projects are not considered work-in-progress until expenditure, beyond the acquisition of land, has been incurred.

## Land Purchases

THA purchased four blocks of land in 2014–15; these were in Brewarrina (2), Broken Hill and Coonamble.

## Asset Disposal

THA retains the proceeds from the sale of assets. These proceeds assist funding the Authority's activities in particular capital expenditure. During the year 26 properties were disposed of; refer Appendix 3 on page 23.

## Loose Fill Asbestos (Mr Fluffy)

During the year THA conducted hazardous materials surveys (including forensic testing) on approximately 84 residences in the Local Government Areas that WorkCover NSW identified as those where loose fill asbestos (Mr Fluffy) may have been used as home insulation.

Loose-fill asbestos was not present, or to have been present and since removed, in any of the residences tested. The Heads of Asbestos Coordination Authorities (HACA) was advised of the survey results.

## Hazardous Materials

When THA properties are leased in accordance with the *NSW Residential Tenancies Act 2010* they are not defined as a tenant's workplace under the *NSW Work Health and Safety Act 2011*.

When maintenance or refurbishment work is carried out on a THA property it becomes the temporary workplace of the contractor. THA has a Hazardous Materials Management Plan for undertaking maintenance or other works at THA properties. This plan meets THA's obligations under the *NSW Work Health and Safety Act 2011*.

The plan was updated during the year and can be downloaded from the THA website.

## Heritage Assets

As at 30 June 2015 there were seven residences owned and managed by THA considered to be of local and state heritage significance and listed on a local council's Local Environment Plan (S170 Register). Four are DEC owned school residences (Crookwell, Quambone, Narrandera and Burren Junction) and three are THA owned residences (Dalgety, Merriwa and Gulgong).

## Maintenance

THA classifies maintenance as either refurbishment maintenance or responsive (contingency) maintenance which includes emergency maintenance.

Refurbishment maintenance is conducted in line with a maintenance plan that has been approved by the Board and developed using condition based property assessments. Expenditure on refurbishment programs in 2014–15 was \$3.53 million and included the refurbishment of 39 residences.

Responsive maintenance is, in most instances arranged by Managing Agents with expenditure approved by THA. Expenditure on responsive maintenance was \$4.0 million.

## Project Management

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



## School Residences

THA manages residences owned by DEC. These properties are located on school grounds and due to various title arrangements cannot be vested or otherwise transferred to THA.

As at 30 June 2015, there were 111 DEC owned school residences managed by THA. During the year, DEC requested THA return the management of the following 26 School Residences to DEC:

Gum Flat	Bibbenluke	Yoogali
Woolomin	Wellington	Tarago
Yerong Creek	Grenfell	Corinella via Forbes
Capertee	Bunalo via Moama	Adaminaby
Stockinbingal	Rosewood	Binya
Urana	Nimmitabel	Milbrulong
Deepwater	Aberdeen	Pearces Creek
Wee Waa	Zig Zag via Lithgow	Wyangala Dam
Batlow	Pomona	

During the year the DEC vested the following six properties (school residences) to the THA.

Bellata	Darlington Point	Wee Jasper
Bigga	Ivanhoe	Wentworth

## Financial Management

### Financial Performance

Funding for 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 2014–15 result was a deficit of \$3.2 million, which was \$0.6 million higher than budget. Operating revenue totalled \$16.9 million. This included rental income of \$10.3 million, against a budgeted \$10.8 million, and a contribution received from the State Government of \$5.7 million. Operating expenses totalled \$20.2 million against a budgeted \$20.5 million.

The state government contribution is in line with NSW Treasury's Commercial Policy Framework, in particular, the Social Program Policy which forms part of that framework.

During the year accounting policy was revised to reflect 50 years as the initial useful life for new assets. The previous period was 40 years.

### Capital Program

During the year capital expenditure totalled \$3.3 million (budgeted \$5.1 million) and proceeds from the sale of surplus assets totalled \$3.9 million (budgeted \$2.9 million).

The capital budget included refurbishment works of \$1.7 million, \$0.5 million of these works were conducted and were expended rather than capitalised.

Opportunities to capitalise major items of maintenance are limited because such expenditure is rarely reflected in the residence's market value. Analysis indicates that had this capitalisation occurred operating result would reflect a break-even position.

### Land Owned or Occupied

The value of land owned or occupied as at 30 June 2015 was:

	2014–15 \$'000	2013–14 \$'000	2012–13 \$'000
Vacant Land	964	477	523
Residences	30,436	25,164	27,233
<b>Total land owned or occupied</b>	<b>31,400</b>	<b>25,641</b>	<b>27,756</b>

An asset revaluation was completed on 30 June 2015.

### Account Payment Performance

Throughout the year, THA paid on average 94.5 percent of its creditors (84 percent of small businesses) within 30 days of receipt of invoice. Timeframes may vary depending on contractual and other agreements.

Account payment performance is detailed on page 16.

### Credit Card Certification

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

## Key Performance Indicators

THA reviews KPI's and benchmarks annually, so as to ensure they are aligned with THA's strategic objectives.

KPI's are tabled on page 18.

## Operating Results

### Key Financial Statistics

#### Four Year Trend

Key Financial Results	2014–15 \$'000	2013–14 \$'000	2012–13 \$'000	2011–12 \$'000
<b>Financial Performance</b>				
Revenue	16,914	17,213	17,345	16,359
Expenses	20,106	22,166	19,290	21,202
<b>Total Operating Revenue</b>	<b>(3,192)</b>	<b>(4,953)</b>	<b>(1,945)</b>	<b>(4,843)</b>
<b>Included in Operating Results:</b>				
State Government Contribution	5,725	5,710	5,705	5,583
Grant from DEC	600	600	600	600
Borrowing Costs	95	108	236	90
<b>Financial Position</b>				
Assets	171,207	152,079	159,313	161,901
Liabilities	2,608	4,291	7,052	8,010
<b>Net Assets</b>	<b>168,599</b>	<b>147,788</b>	<b>152,261</b>	<b>153,891</b>
<b>Financial Analysis</b>				
Current Ratio	6.84:1	3.03:1	1.76:1	0.51:1
Total Liabilities to Total Assets	1.5%	2.8%	4.4%	4.9%
Total Assets to Equity	101.5%	102.9%	104.6%	105.2%
Return on Assets	(2.09)%	(2.50)%	(2.30)%	(2.10)%
Return on Assets (Underlying)	(5.75)%	(6.00)%	(5.80)%	(5.60)%



## Performance Against Budget

	2014-15 Actual \$'000	2014-15 Budget \$'000	2014-15 Variance \$'000	2015-16 Budget \$'000
<b>Management Operations</b>				
<b>Revenue</b>				
Rental Income	10,337	10,819	(482)	10,908
Grant from DEC	600	600	0	600
Government Contribution	5,725	5,725	0	5,711
Investment and Other Income	254	204	50	145
<b>Total Operating Revenue</b>	<b>16,916</b>	<b>17,348</b>	<b>(432)</b>	<b>17,364</b>
<b>Expenses</b>				
Property Maintenance	7,555	7,040	(515)	7,045
Property Rates	2,145	2,081	(64)	2,286
Borrowing Costs	95	96	1	113
Personnel Services Expenses	1,753	2,159	406	2,125
Other Administration Expenses	3,272	3,050	(222)	3,252
Gain/(Loss) on Asset Disposals	78	(405)	(483)	(132)
Depreciation	5,366	5,650	284	4,869
<b>Total Operating Expenses</b>	<b>20,108</b>	<b>20,481</b>	<b>373</b>	<b>19,822</b>
<b>Operating Surplus/(Deficit)</b>	<b>(3,192)</b>	<b>(3,133)</b>	<b>(59)</b>	<b>(2,458)</b>

## 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
<b>All Suppliers</b>	Sep-14	4,730	556	82	4	-
	Dec-14	2,373	139	5	-	-
	Mar-15	3,914	80	-	-	-
	Jun-15	4,814	97	-	-	-
<b>Small Business Suppliers</b>	Sep-14	8	0	0	0	0
	Dec-14	3	0	0	0	0
	Mar-15	4	0	0	0	0
	Jun-15	10	0	0	0	0

**Accounts due or paid with each quarter**

Measure	Sep-14	Dec-14	Mar-15	Jun-15
<b>Number of accounts due for payment</b>	4633	3420	3186	2672
Number of accounts paid on time	2819	3111	3172	2647
Actual percentage of accounts paid on time (based on number of accounts)	61%	91%	100%	99%
Dollar amount of accounts due for payment	\$5,174	\$2,320	\$3,454	\$3,392
Dollar amount of accounts paid on time	\$4,532	\$2,176	\$3,374	\$3,294
Actual percentage of accounts paid on time (based on \$)	88%	94%	98%	97%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
<b>Small Business Suppliers</b>				
Number of accounts due for payment	12	8	9	17
Number of accounts paid on time	4	7	9	17
Actual percentage of accounts paid on time (based on number of accounts)	33%	88%	100%	100%
Dollar amount of accounts due for payment	\$10	\$4	\$2	\$7
Dollar amount of accounts paid on time	\$9	\$3	\$2	\$7
Actual percentage of accounts paid on time (based on \$)	90%	75%	100%	100%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0



## Key Performance Indicators

### Property and Occupancy Data

		2015 Target	2015	2014	2013	2012
Houses by Owner	THA	471	476	495	518	541
	DEC	136	111	132	165	179
	Head Leased	0	0	1	3	5
Furnished Units (incl Studio Units)		718	726	729	729	731
<b>Total Residences Under Management</b>		<b>1,325</b>	<b>1,313</b>	<b>1,357</b>	<b>1,415</b>	<b>1,456</b>
Vacant Land		N/A	38	28	30	38
Work In Progress		N/A	3	7	13	12
<b>Total Properties</b>			<b>1,356</b>	<b>1,392</b>	<b>1,458</b>	<b>1,506</b>
Average Occupancy throughout the year		87.4%	85.0%	85.3%	85.7%	85.0%
Average Occupancy throughout the year by tenant type	Teachers	75.9%	73.9%	72.8%	72.6%	71.7%
	Non Teachers	11.5%	11.1%	12.5%	13.1%	13.3%
	Vacant	12.6%	15.0%	14.7%	14.3%	15.0%
Allocations (New Tenants signed)	Teachers	N/A	411	437	462	419
	Non Teachers	<b>N/A</b>	<b>82</b>	<b>101</b>	<b>125</b>	<b>106</b>
<b>Total</b>			<b>493</b>	<b>538</b>	<b>587</b>	<b>525</b>

### Weekly Rental Amounts (applied from 1 July)

	2015	2014	2013	2012
Average	\$183	\$176	\$172	\$164
Highest	\$415	\$415	\$410	\$410
Lowest	\$55	\$55	\$50	\$50
Median	\$180	\$170	\$165	\$160
<b>Change</b>	<b>3.66%</b>	<b>2.74%</b>	<b>2.41%</b>	<b>5.67%</b>

## Capital Delivery

Average capital project delivery period (for projects completed in the period)

	Target 2015	2015	2014	2013*	2012	2011	2010
Weeks to appoint a project manager	4	4	5	7	6	8	31
Weeks to appoint a contractor once a project manager has been appointed	12	11	12	26	20	29	27
Construction period	32	34	27	56	38	30	27
<b>Period of delivery since approval (weeks)</b>	<b>48</b>	<b>49</b>	<b>44</b>	<b>89</b>	<b>64</b>	<b>67</b>	<b>85</b>
<b>Residences constructed in period</b>	<b>10</b>	<b>6</b>	<b>18</b>	<b>15</b>	<b>18</b>	<b>13</b>	<b>10</b>

\* The Eco Village Project (refer page 12) allowed for a 40 week construction period whereas projects generally allow for a 20 week construction period.

## Stakeholders

Responsibilities to stakeholder groups and how those responsibilities are addressed are shown in Appendix 7 on page 25.

## Human Resources

THA staff members are employed under the *Government Sector Employment Act 2013* and are considered part of the OFS, under the Department of Treasury, for the purposes of that Act.

A table showing THA's staffing numbers by category for the reporting year and the preceding three years is shown at Appendix 4 on page 23.

## Organisational Structure

The organisational chart in Appendix 8 on page 27 outlines THA's organisational structure, reporting lines and functional responsibilities as at 30 June 2015.

## Principal Roles

Principal roles at THA include the General Manager and the Finance Manager.

The General Manager is Mr Philip Shelley, refer page 7.

The Finance Manager, James Leckey joined THA in February 2015 from the NSW Telecommunications Authority. Prior to this, Praveen Swarup filled this role. The Finance Manager's position incorporates the roles of Chief Financial Officer and Chief Information Officer.

On behalf of the THA, OFS includes executive reporting in its Annual Report. This is in accordance with the Public Service Commission Circular, PSCC 2014–09.

## Industrial Relations

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

## Workplace Health and Safety

As OFS employees, THA has elected to adopt OFS' WHS policies and procedures including committee representation. The General Manager nominated an employer representative and the employees nominated an employee representative.

During 2014–15 there were no reportable incidents (including near-misses), and there was no lost-time due to injury from incidents (from prior years).

## Employee Assistance Program

As OFS employees THA staff have access to the OFS provided Employee Assistance Program.

## NSW Public Sector Workforce Profile

As part of a Service Level Agreement for corporate services, ServiceFirst OFS' provider of employee services completed and lodged the annual workforce profile in respect of THA staff.



## 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 upon the repeal of the *Freedom of Information Act 1989*.

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 the Act, THA did not receive any requests for information during the year.

### Privacy Management

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

During the year, there were no complaints received concerning the privacy of personal or health information, or the way in which it was handled.

### Insurance

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

For the 2014–15 financial year, THA incurred insurance premiums totalling \$422,675 (property cover was \$392,106).

Claims for property insurance related claims totalling \$38,326 were made against the fund during the year. Refer Appendix 6 on page 24.

### Government Property Register

Land titles held by THA are aligned to the Government Property Register (GPR) in accordance with Premiers Memorandum M2012-20.

### Internal Audit and Risk Management

THA has adopted OFS's Governance Framework and appointed OFS's Chief Internal Auditor Executive as THA's Chief Internal Auditor Executive. This enables THA to make use of the OFS'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's Chief Internal Auditor Executive appointed the Property and Housing Group Audit and Risk Committee (ARC).

Under this framework, THA reports to the ARC. Refer Attestation statement (Appendix 9, page 29).

THA has an ongoing Internal Audit Program approved by the Board and the ARC. In accordance with the program, reviews completed and presented to the Board and ARC in 2014–15 related to:

- Taxation Compliance
- Baseline Financial Controls
- General Computer Controls (ProMan Business System)

### Public Interest Disclosures (PID's)

For the period July 2014 to June 2015, no THA officials made public interest disclosures.

THA staff are employees of OFS, as such they adopt and adhere to the OFS Fraud and Corruption Internal Reporting Policy. Staff are advised of this policy by means of the Code of Conduct and intranet access. Changes within the Treasury and Finance cluster in 2014 require changes to be made to OFS public interest disclosure processes and policies. Revised information and education and training of staff, senior management and nominated disclosure officers is planned to be undertaken during 2015/16.

### Consultants

During the year THA engaged six consultants. These engagements supported management and provided advice in regard to:

- Benchmarking analysis against comparable organisations
- Hosting and monitoring an online customer forum
- Accounting policy in regard to capitalising expenditure and the useful life of assets
- Employee engagement focused at diversity and inclusion
- A review of hazardous materials, in particular loose fill asbestos
- Policy relating to governance arrangements and the internal control environment

The total cost of consultancies was \$129,025.

## Information and Communications Technology

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

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. Teachers can also view properties in locations which they may be applying for or have been allocated.

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.

## NSW Digital Information Security Policy

### Compliance Attestation Statement 2014/15 Financial Year Teacher Housing

Refer Digital Information Attestation statement (Appendix 10).

## Business Continuity Plan (BCP)

THA's ICT platforms are integrated within the OFS IT infrastructure. THA therefore subscribes to and is part of the broader OFS plan on disaster recovery and crisis management.

THA has prepared a Business Impact Assessment in conjunction with the OFS business continuity management team which addresses specific THA requirements in the event of a crisis.

## Business Plan/Statement of Business Intent

THA prepares an annual Statement of Business Intent (SBI) and a Business Plan in accordance with NSW Treasury Guideline *Reporting and Monitoring Policy for Government Businesses (TPP05-02)*.

The SBI is a performance agreement between THA, the Minister and the Treasurer and outlines THA's strategic and performance commitments for the 2015–16 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 SBI and the Business Plan were endorsed by the Board in August 2015 and forwarded to the Secretary of the Treasury (on behalf of the Treasurer) for endorsement. Once endorsed, the SBI will be available on THA's website.

## Overseas Travel

No Board or staff member travelled overseas on official business during 2014–15.

## Review of Government Employee Accommodation

With a core competency of providing employee accommodation in rural and remote NSW, THA continues to provide logistical and commercial advice on aspects of government employee accommodation to other Government agencies as requested.

## Public Sector Reforms and Legislative Changes

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



# Appendices

## Appendix 1

### Residences Constructed or Acquired During 2014–15

Town	Project Description	Street	Total project Cost (\$)
Moree	Construction of 6 single bedroom units	Blueberry Road & Amaroo Drive	1,356,050
<b>Total</b>			<b>1,356,050</b>

## Appendix 2

### Works-In-Progress as at 30 June 2014

Town	Project Description	Street	Expenditure up to 30 June 2015 (\$'000)
Lake Cargelligo	Construction of two unit duplex (flexible design)	Grace Street	542.3
Naranderra	Construction of two single-bedroom units	Jellinbah Street	621.7
Brewarrina	Design and preparation of tender documents (8 units)	Wilson and Bathurst Street	82.4
Coonamble	Design and preparation of tender documents (4 units)	Bimble Street	56.1
Wilcannia	Design and preparation of tender documents (4 units)	Woore Street	25.5
Condobolin	Driveway modifications to units purchased in 2013–14	McGreggor Street	69.2
<b>Total</b>			<b>1,397.2</b>

## Appendix 3

### Asset Disposal (Properties and Land Sold in 2014–15)

Town	Address	Type	Contract Price \$
Boggabilla	66–68 Simpson Street	House	141,000
Boggabilla	25 Simpson (Cnr Fox Street)	House	75,000
Brewarrina	14 Dooral Street	House	115,000
Deniliquin	217 Henry Street	House	175,000
Griffith	7 Cnr Langley & Grey Sts	House	246,000
Griffith	51 Langley Crescent	House	246,000
Gulargambone	51 Coonamble Street	House	60,000
Gundagai	48 Hanley Lane	House	150,000
Gundagai	64 Tor Street	House	155,000
Gundagai	26 Tor Street	House	160,000
Junee	3 & 4/56 Telopea Place	2 Units	245,000
Moree	6 Lorna Rae Avenue	House	175,000
Moree	15 Boland Street	House	92,000
Mudgee	1–4/184–192 Denison Street	4 Units	620,000
Mudgee	2 Mulgoa Way	House	280,000
Murrumburrah	125 Clarke Street	House	125,000
Murrumburrah	121 Swift Street	House	118,000
Narrandera	36 King Street	House	144,000
Narrandera	7 Midgeon Street	House	141,000
Pallamallawa	63 Paramellowa Street	House	136,000
Portland	22 High Street	House	210,000
Yass	45 Pollux Street	House	260,000
<b>Total</b>			<b>4,069,000</b>

## Appendix 4

### THA Employees by Category as at 30 June 2015

Category	2014–15	2013–14	2012–13	2011–12
Administrative and clerical and part time employees (includes contractors)				
Full-time positions	20	21	21	22
Part-time positions	3	3	2	1
<b>Total Positions</b>	<b>23</b>	<b>24</b>	<b>23</b>	<b>23</b>



## Appendix 5

### Workforce Diversity

Workplace Diversity Group	Govt Target	2014-15	2013-14	2012-13	2011-12
Women	50%	<b>73%</b>	59%	59%	52%
Aboriginal & Torres Strait Islanders	2%	-	-	-	-
People whose language first spoken as a child was not English	20%	<b>48%</b>	30%	30%	30%
People with a Disability	12%	-	-	-	-

## Appendix 6

### Treasury Managed Fund – Insurance Recovery

Locality	Claim	Cost (\$)
Mungindi	Fire Damage	7,550
Coleambally	Water Damage	5,720
Gunnedah	Break In	3,366
Gunnedah	Break In	2,617
Wilcannia	Break In	2,560
Coonamble	Break In	2,365
Wee Waa	Water Damage	1,188
Narrabri	Water Damage	1,188
Coonamble	Break In	1,180
Warialda	Storm Damage	1,085
Walgett	Break In	1,045
Woodenbong	Storm Damage	963
Walgett	Water Damage	946
Walgett	Break In	873
Goodooga	Break In	857
Mungindi	Fire Damage	729
Rowena	Storm Damage	500
Nine claims under \$500	Break In/Storm Damage	3,565
<b>Total</b>		<b>38,296</b>

## Appendix 7

### Responsibilities to Stakeholders

Responsibility	Stakeholder	Application
1. The provision of an economic, effective and efficient housing service where the private rental market does not meet teachers needs.	Members of the Education Teaching Service (Teachers and other employees of the 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 THA.</p> <p>Support locally appointed housing representatives to represent and liaise with tenants, agents and THA.</p> <p>Review THA's Total Asset Management Plan so as the desired service levels and business objectives are supported by appropriate assets; including the acquisition, maintenance and disposal of assets as addressed in the THA's Business Plan and Statement of Business Intent.</p>
2. Significant matters relating to the housing of teacher and non-teacher tenants are referred for consideration.	Minister for Finance and Services	Submission of the Business Plan and Statement of Business Intent.
3. Contentious or politically sensitive issues that may impact upon the government are advised in a timely manner. 3.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences are met.	Minister for Finance and Services	<p>Ensure 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>
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.	Department of Education and Communities	<p>Ensure THA liaises 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>
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.	Department of Education and Communities	In conjunction with designated housing representatives review and identify locations where of major expenditure may be necessary.
6. A response to representatives on behalf of their constituents in a timely manner.	Members of Parliament	<p>Ensure 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>
7. The development and implication of a financially sound Business Plan and Statement of Business Intent.	NSW Treasury	Review the Business Plan and Statement of Business Intent in light of the THA's objectives, scope of operations, strategic direction, financial and non financial targets and impacts of risk assessments.

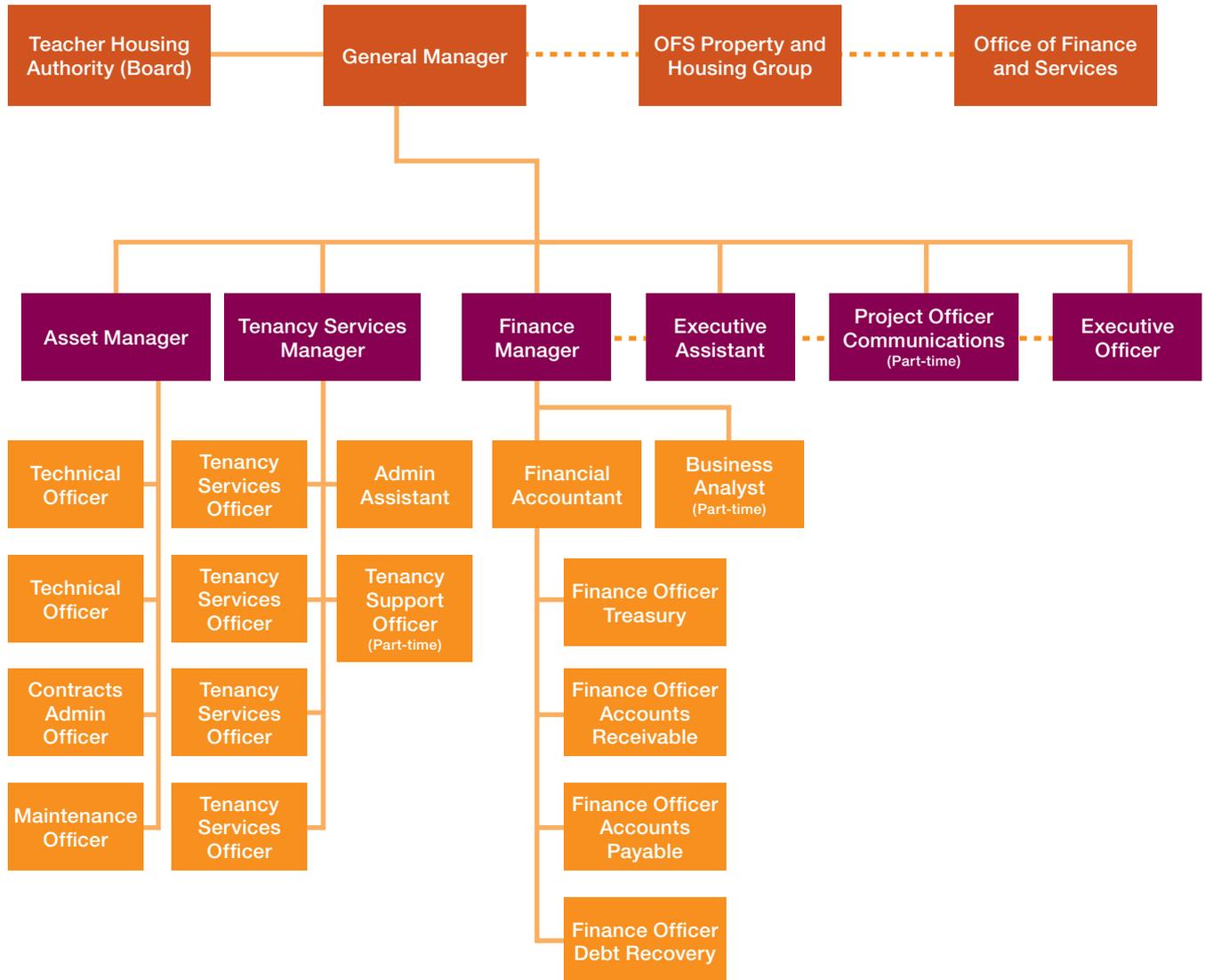


## Responsibilities to Stakeholders (continued)

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 Department of Finance and Services	Adhere to all policies and procedures required of government agencies. Respond to requests for information in a timely manner.
9.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences etc are met.	Department of Education and Communities	Review the impact of government policy on the THA's business.
9.ii. Operate within the broad governmental framework of NSW.		Preparation and submission of 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. THA be appropriately resourced to deliver an effective and efficient housing service to teachers.	Staff of the THA	Ensure 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 8

### Organisational Management Chart 2014–15



As at 30 June 2015



## Appendix 9

### Treasury Attestation

Internal Audit and Risk Management Attestation for the 2014-2015 Financial Year for the Teacher Housing Authority of New South Wales

I, Brett Newman, Chair of the Teacher Housing Authority (THA), am of the opinion that the THA has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I, Brett Newman am of the opinion that the internal audit and risk management processes for the THA depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Minister for Finance & Services on 17 September 2013 and (b) the THA implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
<ul style="list-style-type: none"> <li>Core Requirement 1: The Chief Audit Executive should be appointed from within the agency by the Department Head.</li> </ul>	<ul style="list-style-type: none"> <li>In 2013-14 the Teacher Housing Authority's Chief Audit Executive is employed within the Office of Finance and Services Internal Audit Unit. Teacher Housing Authority has a dedicated Chief Audit Executive from the pool of qualified auditors in the Internal Audit Unit.</li> </ul>
<ul style="list-style-type: none"> <li>Core Requirement 2: An Audit &amp; Risk Committee has been established.</li> </ul>	<ul style="list-style-type: none"> <li>Full compliance with TPP09-05 would put an unreasonable administrative and cost burden on the entity.</li> <li>A review of the Department of Finance &amp; Services cluster arrangements for Audit &amp; Risk Committees was conducted to ensure that smaller related entities were relieved of the cost burdens of supporting their own Audit &amp; Risk Committees and to provide an equivalent coverage of their obligations under TPP09-05 through the sharing of the Department's resources. Consequently, the THA is clustered with the Government Property NSW, Waste Assets Management Corporation to form the Property and Housing Group Audit and Risk Committee. The Property and Housing Group Audit and Risk Committee is compliant to Core Requirement 2 of TPP 09-05 and the requirements for shared arrangements in TPP12-04.</li> </ul>

*The determination by the Minister for Finance & Services in respect of these departures, dated 17 September 2013, is appended to this attestation statement.*

**Treasury Attestation** (continued)

I, Brett Newman am of the opinion that the Audit and Risk Committee for THA is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Mr Jon Isaacs, Independent Chair (period of appointment 31 October 2011 to 31 October 2015)
- Mr Ken Barker, Independent Member (period of appointment from 31 October 2011 to 31 October 2014)
- Ms Evelyn Bosak, Independent Member (period of appointment from 27 October 2013 to 27 October 2016)

This Audit and Risk Committee has been established under a Minister approved shared arrangement with the following statutory bodies:

- Government Property NSW
- Waste Assets Management Corporation

These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the THA to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with exceptions with the policy to the Treasury on behalf of the Treasurer.

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



Brett Newman  
Chair  
Teacher Housing Authority

Date: 8/9/15



## Appendix 10

### Digital Information Security Annual Attestation Statement for 2014–2015

I, Philip Shelley, am of the opinion that the Teacher Housing Authority of NSW had implemented an Information Security Management System during the 2014–15 financial year that is consistent with the Core Requirements set out in the NSW Government *Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of the Teacher Housing Authority of NSW are adequate.

Risks to the digital information and digital system of the Teacher Housing Authority of NSW have been assessed with an independent Information Security Management System developed in accordance with the NSW Government *Digital Information Security Policy*.

A handwritten signature in black ink, reading "P. Shelley".

**Philip Shelley**  
General Manager  
Teacher Housing Authority of NSW

Date: 15 September 2015

## Appendix 11

### Online Focus Group “In Teachers’ Own Words”

#### Further General Comments from Teachers

On the whole, teachers’ experiences with the THA are positive and teachers are appreciative of the service offered by the THA for both rural and remote areas.

There are some instances of slow replies, which are often expected, given school holidays or the remoteness of the dwelling. In general teachers understand and accept this. However, there are occasional instances where the slow reply has dragged out to several weeks for no discernible reason and it is on these occasions where teachers’ frustration grows. This can be exasperated with poor communication or a general lack of communication.

Occasionally there may have been a small disaster, such as a burst water pipe. Even though the teacher may be happy with their current situation, the previous experience (even if a few years ago) will be carried with them.

Salient comments received from teachers:

- *“Overall I have been happy and appreciative of my time in THA dwellings and I believe it is a key factor in my wanting to be living and working in rural and remote locations for 19 years.”*
- *“Teacher Housing have always been courteous and helpful and mostly easy to contact.”*
- *“I am not aware of an allocations policy, but have always been given suitable housing close to the schools I’ve worked at, so whatever policy they have has worked in my case.”*
- *“Overall I have only praise for THA and all their staff that do their best to make living away from home a good experience in good surroundings.”*
- *“Overall, I’m very happy with the level of support provided by Teacher Housing.”*
- *“THA usually communicate in a reasonable way, except in the one circumstance when I needed them to be responsive and respond quickly, they did not. I was very disappointed about this, as was my school community and wider community who wrote letters to and rang THA to complain about the slow and complete lack of service. Apart from that I don’t have any extremely negative comments.”*
- *“I gave up trying to get anything done through the agency which incidentally is what they tried to encourage. I have been dealing directly with THA since”*
- *“I was aware that there was a policy on who got preference for particular types of housing i.e. families got houses, singles got the one bedroom places etc. This works fine in principle but in the situation I was in in Walgett it was a bit stifling being in the same staffroom, and sharing a house/unit.”*
- *“I like to live within walking distance from school and if we need to go to a bigger centre for shopping would do on a weekend.”*
- *“It is less than 5 minutes from school which is great but living in a bigger centre about 30 kilometres away would also be an attractive option.”*
- *“Definitely ½ hour away with more amenities. It makes life difficult moving to a town with little to no amenities. Especially me moving from Sydney.”*
- *“It is less than 5 minutes from school which is great but living in a bigger centre about 30 kilometres away would also be an attractive option.”*
- *“I would still prefer to live closer to the school because I need to travel between school and home each day Monday to Friday. In Walgett where I am, there are more shops and amenities than in Lightning Ridge which is a 45 minute drive away but I would not want to live there as it is too far to travel between each day and wild life on the roads also make rural drives in the early mornings/late afternoons dangerous.”*
- *“My house is located in a big enough town that there are sufficient amenities...and there is a larger town nearby for all other amenities. I prefer to live near the school and to travel to the larger town as necessary.”*
- *“I prefer to be closer to amenities than to school.”*



# Financial Statements

For the Year Ended 30 June 2015

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## Statement by Members

### Financial Statements for the Period Ended 30 June 2015

Pursuant to Section 41C (1B) and 1(C) of the *Public Finance and Audit Act 1983*, I declare on behalf of the Teacher Housing Authority of New South Wales that in my opinion:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions;
- (b) The financial statements exhibit a true and fair view of the financial position and transactions of the Agency for the period ended 30 June 2015;
- (c) At the date of this statement there are no circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

Handwritten signature of Brett Newman in black ink.

**Brett Newman**  
Chairman  
17 September 2015

Handwritten signature of Philip Shelley in black ink.

**Philip Shelley**  
General Manager  
17 September 2015



## 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 2015, 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.

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2015, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015

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 preparing 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(s) is necessary to enable the preparation of financial statements that give a true and fair view and 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 an 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 carried out its activities effectively, efficiently and economically
- about the effectiveness of the 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

18 September 2015  
SYDNEY

[Start of Audited Financial Statements]

## Statement of Comprehensive Income

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>REVENUES</b>			
Rental Income	2	10,335	10,480
Investment Income		216	217
Other Income		38	206
Grant from Department of Education and Communities		600	600
State Government Contribution	3	5,725	5,710
<b>TOTAL REVENUES</b>		<b>16,914</b>	<b>17,213</b>
<b>EXPENSES</b>			
Property Maintenance	4	7,554	8,439
Property Rates	5	2,145	2,182
Property Leasing	6	–	25
Personnel Services Expense	7	1,753	2,173
Borrowing Costs		95	108
Other Administration Expenses	8	3,271	2,530
Depreciation	12(a)	5,366	5,627
<b>TOTAL EXPENSES</b>		<b>20,184</b>	<b>21,084</b>
Profit (Loss) on Disposal of Non-Current Assets	12(b)	78	(1,082)
<b>Net result for the Year</b>		<b>(3,192)</b>	<b>(4,953)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified to net result</i>			
Net increase/(decrease) in property, plant and equipment revaluation surplus	12(a)	24,003	480
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>24,003</b>	<b>480</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>20,811</b>	<b>(4,473)</b>

The accompanying notes form part of these statements

## Statement of Financial Position

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	9	7,221	1,898
Receivables	10	336	478
Financial Assets at Fair Value	11	–	4,108
Non-Current Assets Held For Sale	12(a)	2,260	1,285
<b>Total Current Assets</b>		<b>9,817</b>	<b>7,769</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12(a)	161,255	144,083
Personnel Services – Prepaid Superannuation	11(b)	–	66
Amortised Borrowing Cost		135	161
<b>Total Non-Current Assets</b>		<b>161,390</b>	<b>144,310</b>
<b>TOTAL ASSETS</b>		<b>171,207</b>	<b>152,079</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	14	1,271	1,866
Borrowings	15	164	156
Provisions – Personnel Services	17	–	546
<b>Total Current Liabilities</b>		<b>1,435</b>	<b>2,568</b>
<b>Non-Current Liabilities</b>			
Borrowings	15	1,173	1,336
Provisions – Personnel Services	17	–	387
<b>Total Non-Current Liabilities</b>		<b>1,173</b>	<b>1,723</b>
<b>TOTAL LIABILITIES</b>		<b>2,608</b>	<b>4,291</b>
<b>NET ASSETS</b>		<b>168,599</b>	<b>147,788</b>
<b>Equity</b>			
Reserves		94,563	74,126
Accumulated Funds		74,036	73,662
<b>TOTAL EQUITY</b>		<b>168,599</b>	<b>147,788</b>

The accompanying notes form part of these statements

## Statement of Changes in Equity

For the Year Ended 30 June 2015

	Note	Accumulated funds \$'000	Asset Revaluation Reserve \$'000	Total \$'000
<b>Balance as at 1 July 2014</b>		73,662	74,126	147,788
<b>Net result for the year</b>		(3,192)	–	(3,192)
<b>Other comprehensive income:</b>				
Net increase/(decrease) in property, plant and equipment	12(a)	–	24,003	24,003
Transfer from Asset Revaluation Reserve on disposal of property, plant and equipment		3,566	(3,566)	–
<b>Total other comprehensive income</b>		<b>3,566</b>	<b>20,437</b>	<b>24,003</b>
<b>Total comprehensive income for the year</b>		<b>374</b>	<b>20,437</b>	<b>20,811</b>
<b>Balance as at 30 June 2015</b>		<b>74,036</b>	<b>94,563</b>	<b>168,599</b>
<b>Balance as at 1 July 2013</b>		72,480	79,781	152,261
<b>Net result for the year</b>		(4,953)	–	(4,953)
<b>Other comprehensive income:</b>				
Net increase/(decrease) in property, plant and equipment	12(a)	–	480	480
Transfer from Asset Revaluation Reserve on disposal of Property, plant and equipment		6,135	(6,135)	–
<b>Total other comprehensive income</b>		<b>6,135</b>	<b>(5,655)</b>	<b>480</b>
<b>Total comprehensive income for the year</b>		<b>1,182</b>	<b>(5,655)</b>	<b>(4,473)</b>
<b>Balance as at 30 June 2014</b>		<b>73,662</b>	<b>74,126</b>	<b>147,788</b>

The accompanying notes form part of these statements

## Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Cash Flows from Operating Activities</b>			
<b>Payments</b>			
Property and Administration		(14,091)	(14,044)
Personnel Services Expense		(2,085)	(2,208)
<b>Total Payments</b>		<b>(16,176)</b>	<b>(16,252)</b>
<b>Receipts</b>			
Rental Income		10,473	10,464
Investment Income		216	217
Other Income		38	206
<b>Total Receipts</b>		<b>10,727</b>	<b>10,887</b>
<b>Cash Flows from Government</b>			
State Government Contribution	3	5,725	5,710
Department of Education and Communities Contribution		600	600
<b>Net Cash Flows from Government</b>		<b>6,325</b>	<b>6,310</b>
<b>Net Cash Flows From Operating Activities</b>	19	<b>876</b>	<b>945</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Disposal of Non-Current Assets	12(b)	3,856	6,029
Purchases of Non-Current Assets	12(a)	(3,288)	(2,660)
Sale of Investment		4,108	–
<b>Net Cash Flows From Investing Activities</b>		<b>4,676</b>	<b>3,369</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings	15(a)	(229)	(3,111)
<b>Net Cash Flows from Financing Activities</b>		<b>(229)</b>	<b>(3,111)</b>
<b>Net Increase/(Decrease) in Cash</b>		<b>5,323</b>	<b>1,203</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>		<b>1,898</b>	<b>695</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	9	<b>7,221</b>	<b>1,898</b>

The accompanying notes form part of these statements

## Notes

accompanying and forming part of the Financial Statements  
for the period ended 30 June 2015

### 1. Summary of Significant Accounting Policies

#### (a) Reporting Entity

The Teacher Housing Authority of NSW, is a NSW government entity. The Teacher Housing Authority of NSW 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 on 17 September 2015.

The Authority provides a portfolio of houses and furnished units in areas of the state which do not have a viable private rental market. The provision of accommodation is one of several incentives which assist the Department of Education and Communities in attracting and retaining teachers in parts of the state which are considered to be "hard to staff".

#### (b) Basis of Preparation

The Authority's financial statements are general purpose financial statements which have been prepared on an accruals basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*.

Property, plant and equipment, assets held for sale and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with historical cost convention except where specified otherwise.

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 2015, the Authority's current assets exceeded its current liabilities by \$8.4m (\$5.2m in 2014).

Management and Board attest 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. Rental income is recognised in accordance with AASB 118 *Revenue* on accrual basis in accordance with the substance of the relevant agreement.

The Authority receives an annual state government contribution from Office of Finance & Services (OFS) and a capital grant from the Department of Education and Communities. These are recognised as income upon receipt.

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 Office of Finance & Services (OFS). The Office is not a Special Purpose Service Entity and does not control the Authority under this arrangement.

A current liability to OFS 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.

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

**(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 claims 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.

**(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 price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment amount is effectively discounted over the period of credit.

**(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 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 12 and Note 13 for further information regarding fair value.

The entity revalues each class of property, plant and equipment at least every three 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. Revaluation of the Authorities entire property portfolio was undertaken, based on an independent assessment effective 1st April 2015.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of value. The entity has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

For other assets valued using other valuation techniques, 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 revaluation surplus, 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 net result, the increment is recognised immediately as revenue in the net result.

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

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 revaluation surplus in respect of that asset is transferred to accumulated funds.

### **(l) Impairment of Property, Plant and Equipment**

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

### **(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. All material identifiable components of assets are depreciated separately over their useful lives. Land is not a depreciable asset.

On 1 April 2015 the Teacher Housing Authority changed its depreciation estimate from a 40 year to 50 year useful life on capitalisation. Thereafter, depreciation is based on remaining useful life.

The rate determined for the 2015 financial year is:

- i) Buildings 2.0% or over remaining useful lives

### **(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 net result 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.

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

**(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 net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence.

**(r) Non-current assets (or disposal groups) held for sale**

The entity has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs of disposal. These assets are not depreciated while they are classified as held for sale.

**(s) 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.

**(t) Fair value hierarchy**

A number of the entity's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer Note 13 and Note 20 for further disclosure regarding fair value measurements of financial and non-financial assets.

**(u) Equity and reserves****(i) Revaluation surplus**

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the entity's policy on the revaluation of property, plant and equipment as discussed in note 1(k).

**(ii) Accumulated Funds**

The category 'Accumulated Funds' includes all current and prior period retained funds.

**(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).****(v) Comparative information**

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

**(w) Changes in accounting policy,  
including new or revised Australian  
Accounting Standards**

**(i) Effective for the first time in 2014–15**

The accounting policies applied in 2014–2015 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014–2015:

- *AASB 1031 Materiality*  
*AASB 1031 Materiality* provides reference to *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* when assessing materiality. This is an interim Standard pending the amendments of all other Standards (including interpretations) to remove any references to *AASB 1031*. Removal of those references will facilitate the withdrawal of this Standard.

The implementation of the above Standards did not have any impact on THA's financial results.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

## (ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective:

Accounting Standard/Interpretation	Effective
AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments	2015/16
AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers	2015/16
AASB 2014-4 regarding acceptable methods of depreciation and amortisation	2015/16
AASB 2014-9 regarding equity method in separate financial statements	2015/16
AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle	2015/16
AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives	2015/16
AASB 2015-3 regarding materiality	2015/16

It is considered that the implementation of these Standards will not have any material impact on the Authority's Financial Statements.

## 2. Rental Revenue

Rental Income comprise:	2015 \$'000	2014 \$'000
Gross Rental Income	10,335	10,480
<b>Total Rental Income</b>	<b>10,335</b>	<b>10,480</b>

## 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:	2015 \$'000	2014 \$'000
Grant from NSW Treasury	5,725	5,710
<b>Total State Government Contribution</b>	<b>5,725</b>	<b>5,710</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

#### 4. Property Maintenance

Property Maintenance Expenses comprise:	2015 \$'000	2014 \$'000
Plumbing	514	614
Electrical	308	248
General Maintenance	559	1,930
Ground/ Yard Maintenance	1,006	1,074
Air Cooling Installation and Maintenance	608	286
Air Conditioners & Fans	10	6
Furnishings, Fixtures and Fittings	724	756
Property Refurbishment	3,531	3,246
Other Maintenance	294	279
<b>Total Property Maintenance Expenses</b>	<b>7,554</b>	<b>8,439</b>

#### 5. Property Rates

Property Rates comprise:	2015 \$'000	2014 \$'000
Annual Rates	1,527	1,561
Water Rates	547	555
Other	71	66
<b>Total Property Rates</b>	<b>2,145</b>	<b>2,182</b>

#### 6. Property Leasing

During the year, the Authority did not have or enter into any head leases. Three properties leased in 2014 at a cost of \$25,652.

#### 7. Personnel Services

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

Personnel Services comprise:	2015 \$'000	2014 \$'000
Salaries and Wages	1,429	1,715
Recreation Leave	104	143
Long Service Leave	25	9
Superannuation	(83)	102
<b>Total</b>	<b>1,475</b>	<b>1,969</b>
Other Personnel Services Expense	278	204
<b>Total Personnel Services Expense</b>	<b>1,753</b>	<b>2,173</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

## 8. Other Administration Expenses

Other Administration Expenses comprise:	2015 \$'000	2014 \$'000
Consultants	129	112
Office Lease Expense	197	163
Insurance	423	375
Property Valuations / Condition Assessment	449	102
Property Management Fees	885	889
Computer Systems Development	167	190
Travel Expenses	77	74
Admin Cost – Outsourcing	621	229
Other General Administration	323	396
<b>Total Other Administration Expenses</b>	<b>3,271</b>	<b>2,530</b>

## 9. Cash and Cash Equivalents

On 1 April 2015, NSW Treasury changed the way agencies invested their excess funds. As a result The Authority moved its funds invested in the Hour-Glass facility and the Strategic Cash facility into its transactional bank account.

Cash and Cash Equivalents comprise:	2015 \$'000	2014 \$'000
Cash on Hand	1	1
Cash at Bank	7,220	177
TCorp Hour-Glass Cash Facility	–	1,720
<b>Total Cash and Cash Equivalents at 30 June</b>	<b>7,221</b>	<b>1,898</b>

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

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

	2015 \$'000	2014 \$'000
Cash and cash equivalents per statement of financial position	7,221	1,898
<b>Cash and cash equivalents per statement of cash flows</b>	<b>7,221</b>	<b>1,898</b>

Refer to Note 20 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

## 10. Receivables

Receivables comprise:	2015 \$'000	2014 \$'000
<b>Current:</b>		
Rental Debtors	111	260
Allowance for Impairment <sup>[Note 11(a)]</sup>	(25)	(20)
Tenancy Liaison Service Agent Advances	243	237
Prepayment	5	–
Other Debtors	2	1
<b>Total Receivables</b>	<b>336</b>	<b>478</b>

### (a) Allowance for Impairment

Allowance for Impairment – movement	2015 \$'000	2014 \$'000
Opening Allowance at 1 July	20	20
Debts Written Off <sup>[Note 18]</sup>	3	(24)
New Allowance Transferred In/(Out)	2	24
<b>Closing Allowance at 30 June</b>	<b>25</b>	<b>20</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 20.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

**(b) Personnel Services – Prepaid Superannuation (Asset)**

	2015 \$'000	2014 \$'000
<b>Personnel Services – Prepaid Superannuation Movement</b>		
<b>Non-Current:</b>		
Balance at 1 July	66	60
Increase/(Decrease) in Superannuation Asset	(66)	6
<b>Personnel Services – Prepaid Superannuation (Asset) at 30 June</b>	<b>–</b>	<b>66</b>
Represented in the Statement of Financial Position		
Non-Current Asset – Personnel Services – Prepaid Superannuation	–	66
<b>Personnel Services – Prepaid Superannuation (Asset) at 30 June</b>	<b>–</b>	<b>66</b>

**11. Current Assets – Financial Assets at Fair Value**

	2015 \$'000	2014 \$'000
TCorp Hour-Glass Strategic Cash Investment Facility	–	4,108
<b>Total Financial Assets at Fair Value at 30 June</b>	<b>–</b>	<b>4,108</b>

**12. Land and Buildings, Office Furniture and Equipment & Office Refurbishment**

(a) Movement – '000	Land and Buildings	Land and Buildings held for sale <sup>(1)</sup>	Office Furniture & Equipment	2015 Total \$'000
<b>At Fair Value</b>				
Net Carrying Amount at 1 July 2014	144,083	1,285	–	145,368
Assets Under Construction	1,397	–	–	1,397
Additions	1,893	–	–	1,893
Disposals	(3,780)	–	–	(3,780)
Transfers – Assets For Sale	(975)	975	–	–
Net Revaluation Increments/(Decrements)	24,003	–	–	24,003
Depreciation Expenses	(5,366)	–	–	(5,366)
<b>Fair Value at 30 June 2015</b>	<b>161,255</b>	<b>2,260</b>	<b>–</b>	<b>163,515</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

## 12. Land and Buildings, Office Furniture and Equipment & Office Refurbishment (continued)

(a) Movement – '000	Land and Buildings	Land and Buildings held for sale <sup>(1)</sup>	Office Furniture & Equipment	2014 Total \$'000
<b>At Fair Value</b>				
Net Carrying Amount at 1 July 2013	153,619	1,347	–	154,966
Assets Under Construction	55	–	–	55
Additions	2,605	–	–	2,605
Disposals	(7,111)	–	–	(7,111)
Net Revaluation Increments/(Decrements)	480	–	–	480
Depreciation Expenses	(5,565)	(62)	–	(5,627)
<b>Fair Value at 30 June 2014</b>	<b>144,083</b>	<b>1,285</b>	<b>–</b>	<b>145,368</b>

(a) Movement – '000	Land and Buildings	Land and Buildings held for sale <sup>(1)</sup>	Office Furniture & Equipment	2015 Total \$'000
Gross Carrying Amount 30 June 2015	162,547	2,260	–	164,807
Accumulated Depreciation	(1,292)	–	–	(1,292)
<b>Fair Value</b>	<b>161,255</b>	<b>2,260</b>	<b>–</b>	<b>163,515</b>
Gross Carrying Amount 30 June 2014	154,727	1,395	23	156,145
Accumulated Depreciation	(10,644)	(110)	(23)	(10,777)
<b>Fair Value</b>	<b>144,083</b>	<b>1,285</b>	<b>–</b>	<b>145,368</b>

(1) Land & Buildings held for sale are disclosed separately from reporting period June 2015 in accordance with 'AASB 5 – Non-current assets held for sale and Discontinued operations'.

These assets will be disposed of because they are:

- at the end of their economic lives and it is unfeasible to upgrade them
- in locations where the private rental market adequately provides rental properties
- in locations where there is insufficient teacher demand and assets in that location are underutilised, or
- a combination of the above

In 2015 the Authority conducted a review of its asset portfolio. These disposals are in line with the recommendations in that review.

The following methods are used for disposing Authority assets.

- a) to an NGO or government agency
- b) by public auction or public listing
- c) to a sitting tenant
- d) by private treaty

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

These assets are expected to be realised by 30 June 2016.

A physical valuation was completed by an independent valuer across the entire portfolio for 2015. Further details regarding the fair value measurement of property, plant and equipment are disclosed in note 13.

(b) Disposals \$'000	2015 Total \$'000	2014 Total \$'000
Gross Proceeds	4,069	6,305
Written Down Value	(3,780)	(7,111)
Disposal Costs	(211)	(276)
<b>Loss on Disposal</b>	<b>78</b>	<b>(1,082)</b>

### 13. Fair Value Measurement of Non-Financial Assets

#### Fair value hierarchy

2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>Property, plant and equipment</b>				
Land and buildings	–	161,255	–	161,255
<b>Non-current assets (or disposal groups) held for sale</b>				
Land and buildings	–	2,260	–	2,260
<b>TOTAL</b>	<b>–</b>	<b>163,515</b>	<b>–</b>	<b>163,515</b>

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>Property, plant and equipment</b>				
Land and buildings	–	144,083	–	161,255
<b>Non-current assets (or disposal groups) held for sale</b>				
Land and buildings	–	1,285	–	2,260
<b>TOTAL</b>	<b>–</b>	<b>145,368</b>	<b>–</b>	<b>163,515</b>

There were no transfers between Level 1 or 2 during the periods.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

## 14. Payables

Payables comprise:	2015 \$'000	2014 \$'000
Payable to OFS	531	–
Prepayments by Tenants	33	44
Other Creditors and Accruals	707	1,822
<b>Total Payables</b>	<b>1,271</b>	<b>1,866</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 20.

## 15. Borrowings

Borrowings comprise:	2015 \$'000	2014 \$'000
T Corp Loan (Current Liability)	164	156
T Corp Loan (Non-Current Liability)	1,173	1,336
<b>Total Borrowings</b>	<b>1,337</b>	<b>1,492</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 20.

### (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.

During 2014–15 repayments of principal \$0.156m, interest \$0.073m was made against the total borrowings.

## 16. 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.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

### (a) Operating Lease Commitments

Office Lease Commitments	2015 \$'000	2014 \$'000
Payable within one year	186	163
Payable between two and five years	–	123
Payable after five years	–	–
<b>Total Office Lease Commitments</b>	<b>186</b>	<b>286</b>

### (b) Other Operating Commitments – Property Maintenance & 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	2015 \$'000	2014 \$'000
Payable within one year	–	1,811
<b>Total Property Maintenance Commitments</b>	<b>–</b>	<b>1,811</b>

### (c) Capital Commitments

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

Capital Commitments	2015 \$'000	2014 \$'000
Payable within one year	–	109
<b>Total Capital Commitments</b>	<b>–</b>	<b>109</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

## 17. Provisions

All personnel services related entitlements have been reclassified to Payable to OFS. Please see note 14.

Personnel Services Liability – movement	2015 \$'000	2014 \$'000
Balance at 1 July	933	1,010
Increase/(Decrease) in liability to OFS	(933)	(77)
<b>Personnel Services Liability at 30 June</b>	–	<b>933</b>
Represented in the Statement of Financial Position		
Current Liability to OFS	–	546
Non-Current Liability to OFS	–	387
<b>Personnel Services Liability at 30 June</b>	–	<b>933</b>

Aggregate Personnel Services Liability – dissection	2015 \$'000	2014 \$'000
Recreation Leave (Current Liability)	–	152
Conditional Long Service Leave (Non-Current Liability)	–	44
Unconditional Long Service Leave (Current Liability)	–	394
Personnel Services – Unfunded Superannuation (Non-Current Liability)	–	343
<b>Aggregate Personnel Services Liability at 30 June</b>	–	<b>933</b>

## 18. Debts Written Off

Debts Written Off Comprise:	2015 \$'000	2014 \$'000
Uncollectable rental account debts <sup>[Note 11(a)]</sup>	11	24
<b>Total Debts Written Off</b>	<b>11</b>	<b>24</b>

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 2015

## 19. 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 Net result as reported in the Statement of Comprehensive Income	2015 \$'000	2014 \$'000
<b>Net result</b>	<b>(3,192)</b>	<b>(4,953)</b>
<b>Non Cash Expenses/(Revenues):</b>		
Depreciation	5,366	5,627
Loss/(Gain) on Disposal of Non-Current Assets	(78)	1,082
Interest Expenses – TCorp Loan	95	–
<b>Changes in Operating Assets and Liabilities:</b>		
Increase/(Decrease) in Payables and other liabilities	(590)	427
Decrease/(Increase) in other assets	–	(1,139)
Decrease/(Increase) in Receivables	208	(22)
Increase/(Decrease) in Provisions	(933)	(77)
<b>Net Cash inflow / (outflow) from Operating Activities</b>	<b>876</b>	<b>945</b>

## 20. 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 2015

## (a) Financial Instrument Categories

Financial Assets			Carrying Amount	
Class:	Note	Category	2015 \$'000	2014 \$'000
Cash and cash equivalents	9	Not Applicable	7,221	1,898
Receivables <sup>(1)</sup>	10	Loans and Receivables (at amortised cost)	336	478
Financial assets at fair value	11	At fair value through profit or loss – classified as held for trading	–	4,108

Financial Liabilities			Carrying Amount	
Class:	Note	Category	2015 \$'000	2014 \$'000
Payables <sup>(2)</sup>	14	Financial liabilities measured at amortised cost	740	1,286
Borrowings	15	Financial liabilities measured at amortised cost	1,337	1,492

Notes

(1) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

(2) Excludes statutory payables and unearned revenue (i.e. 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.

### 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.

**Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015**

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 (2015:Nil; 2014: Nil) and not more than 3 months past due (2015:\$3k; 2014:\$3k) are not considered impaired and together these represent 1% 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.

June 2015 (\$'000)	Total <sup>(1)(2)</sup>	Past due but not impaired <sup>(1)(2)</sup>	Considered impaired <sup>(1)(2)</sup>
1 month – 3 months overdue	6	–	–
3 months – 6 months overdue	21	–	21
> 6 months overdue	–	–	–
<b>2014 (\$'000)</b>			
1 month – 3 months overdue	4	4	–
3 months – 6 months overdue	20	–	20
> 6 months overdue	–	–	–

**Notes**

(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 and excludes receivables that are not past due and not impaired. 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 are placed "at call" and the interest rate payable can vary. The Authority has not placed funds on any fixed term deposits.

**(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 payments 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 current or prior years.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

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

2015	Weighted Average Effective Interest Rate	Nominal Amount <sup>(1)</sup> (\$'000)	Interest Rate Exposure (\$'000)			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	< 1 yr	1-5 yrs	> 5 yrs
Payables:	–	740	–	–	740	–	–	–
Borrowings:	4.98%	1,337	262	–	–	164	743	430
<b>2014</b>								
Payables:	–	1,286	–	–	1,286	1,286	–	–
Borrowings:	4.98%	1,828	335	–	–	229	914	685

Notes

(1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and will not reconcile to the Statement of Financial Position.

**(d) Market Risk**

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. 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 2014. The analysis assumes that all other variables remain constant.

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

**(e) 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.

	(\$'000)				
	Carrying Amount	-1% Result	Equity	+1% Result	Equity
<b>2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	7,221	(72)	(72)	72	72
Receivables	336	–	–	–	–
Financial assets at fair value	–	–	–	–	–
<b>Financial liabilities</b>					
Payables	740	–	–	–	–
Borrowings	1,337	–	–	–	–
<b>2014</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1,898	(19)	(19)	19	19
Receivables	478	–	–	–	–
Financial assets at fair value	4,108	(41)	(41)	41	41
<b>Financial liabilities</b>					
Payables	1,286	–	–	–	–
Borrowings	1,492	–	–	–	–

**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	2015 (\$'000)	2014 (\$'000)
Cash facility	Cash, money market instruments	Up to 1.5 years	7,221	1,720
Strategic cash facility	Cash, money market instruments	1.5 – 3 years	–	4,108

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

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. TCorp has also leveraged off internal expertise to manage fixed income assets for the Hour – Glass Facilities. 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 Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e 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).

	Change in unit price	Impact on profit / loss	
		2015 \$'000	2014 \$'000
Hour Glass Investment – Cash Facility	+/- 1%	–	+/-17
Hour Glass Investment – Strategic Cash Facility	+/- 1%	–	+/-41

### (f) 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. 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:

	2015 \$'000 Carrying Amount	2015 \$'000 Fair Value	2015 Fair Value Level	2014 \$'000 Carrying Amount	2014 \$'000 Fair Value	2014 Fair Value Level
<b>Financial assets</b>						
Cash and Cash Equivalents	7,221	7,221	Level 2	1,898	1,898	Level 2
Receivables	336	336	Level 2	478	478	Level 2
Financial Assets at Fair Value		–	Level 2	4,108	4,108	Level 2
<b>Financial liabilities</b>						
Payables	740	740	Level 2	1,286	1,286	Level 2
Borrowings	1,337	1,337	Level 2	1,492	1,617	Level 2

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2015

The fair value of borrowings are based on all future discounted cash flows at current market yield of 3.87%.

**21. Contingent Liabilities and Contingent Assets**

The Authority is unaware of any significant contingent liabilities or contingent assets as at 30 June 2015 (nil in June 2014).

**23. 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

## Street Address

McKell Building  
Level 18, 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
Finance Manager	(02) 9260 2002
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

## General Inquiries

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## Business Hours

Monday to Friday 8.30 am – 4.30 pm

This report is also available on the internet at  
[www.tha.nsw.gov.au/about/annualreport.cfm](http://www.tha.nsw.gov.au/about/annualreport.cfm)



Teacher  
Housing

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