



Teacher  
Housing

# 2015–16 ANNUAL REPORT





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 2016 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.



**Brett Newman**  
Chairperson



**Philip Shelley**  
General Manager  
31 October 2016

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## Purpose

Support the Department of Education (DE) to deliver education in New South Wales by providing teachers with a quality housing service, in rural and remote communities, where the private rental market is considered to be inadequate for their needs.

THA's key result areas are:

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

## Aims and objectives

The aims and objectives of the THA are to provide:

- a responsive, dependable, empathetic 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 engages its workforce, creates a culture of continuous improvement, 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* (THA Act) 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 rural and remote 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 2015–16

Achievements	Pages
<ul style="list-style-type: none"> <li>Completed the construction of 20 new residences, including ten 'flexible accommodation' units, a design that won the Secretary's 2016 award for innovation.</li> </ul>	10, 20
<ul style="list-style-type: none"> <li>Introduced Net Promoter Score as the method for measuring customer satisfaction. Achieving a score of +42 for the year to 30 June 2016.</li> </ul>	9
<ul style="list-style-type: none"> <li>Sold 10 residences (9 properties) contributing \$1.7 million towards future capital projects.</li> </ul>	10
<ul style="list-style-type: none"> <li>Progressed with an innovative flexible design that provides accommodation to suit singles, couples or families.</li> </ul>	20
<ul style="list-style-type: none"> <li>Implemented a new operating platform, SAPbyDesign, commissioned in time for the beginning of the 2016–17 financial year, a platform that will improve financial reporting.</li> </ul>	18
<ul style="list-style-type: none"> <li>Performed major works on 50 residences, at a cost of \$2.2 million, improving the quality and remaining useful life of these assets.</li> </ul>	11
<ul style="list-style-type: none"> <li>Instigated a revised valuation exercise that reduced the cost of valuations and rental assessments allowing more to be invested in the portfolio.</li> </ul>	39
<ul style="list-style-type: none"> <li>Continued to partner 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.</li> </ul>	10
<ul style="list-style-type: none"> <li>Implemented a Strategic Asset Plan, one that offers teachers greater choice of where they can live, enhancing their experience while improving overall teacher utilisation and an improved ability to manage cost.</li> </ul>	10
<ul style="list-style-type: none"> <li>Determined exposure to long-term maintenance expenditure based upon typical component lifecycle and asset quality, supporting previous benchmarking analysis.</li> </ul>	18

## Focus for 2016–17

- Continue implementing the Strategic Asset Plan, including the planning and construction of new residences including flexible designs.
- Liaise with customers and stakeholder groups to ensure their expectations are met or exceeded, including hosting a conference for local housing representatives.
- Further integrate with Property NSW to benefit from cost efficiencies and to offer development opportunities to employees.



## Chairperson's Report

Teacher Housing Authority (THA) has had a successful year, providing housing to more than 1,400 teachers in rural and remote NSW, where their needs cannot be met by the private market. This housing is vital to the provision of quality education services in these areas.

Throughout the year, we have focused on improving our customer service, delivering innovative new housing and practicing thorough asset and financial management. We have achieved significant outcomes in these areas.

The net promoter score, which measures customer satisfaction, is at a healthy positive 42. This result is particularly pleasing as, among other key performance indicators, the survey measures the service we provide to teachers who are new to our accommodation. Being new to a rural and remote location can be a daunting time for a teacher, especially early in their career. The services THA provides play a key role in enabling teachers to have a positive experience in a new community.

Overall we invested almost \$5 million building new residences in Wilcannia, Coonamble and Brewarrina, including eight flexible-design residences. This innovative design allows a duplex to be reconfigured as either two, two-bedroom units, or one three-bedroom house and one single-bedroom unit. The design is cost efficient and meets varying demand from singles, couples and families – providing opportunity to improve utilisation. The project team, led by Asset Manager, John Marsi, won a Secretary's Award for innovation this year.

Additionally, THA performed major works on 50 residences, improving the quality and remaining life of these assets. Proceeds from the sale of 10 residences contributed to \$1.7 million towards future capital projects.

Significantly, we began implementing the Strategic Asset Plan we developed last year. Our plan offers teachers a greater choice of where they can live, enhancing their experience while improving overall asset and cost management.

This has been underpinned by cross-business projects to successfully implement SAPbyDesign and Objective, providing improved financial and records management and integration with Property NSW systems.

In 2016–17, we look forward to continually improving our customer service by hosting conferences for local housing representatives, and to further integrate with Property NSW to benefit from asset management and cost efficiencies.

I would like to acknowledge the valuable contribution of departing members Mark Anderson, Trish Webb and Deb Marten, and I extend a warm welcome to Kelly Edmunds, Richard Wiseman and Dennis Armstrong who will join Teacher Housing late in 2016. I also acknowledge the work and contributions of Mark Byrne and Katrina Jay who combined have served Teacher Housing for more than 20 years.

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

**Brett Newman**  
Chairperson  
Teacher Housing Authority

## Authority Membership

Seven members constitute the THA; four are appointed by the Governor, and three are ex officio.

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, DE, 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 NSW TAFE Commission, being a senior financial manager of that Commission; and
- one is nominated by the Minister for Education on the recommendation of the NSW Teachers Federation.

Of the three ex-officio members:

- one is the nominee of the Secretary of the Department of Finance, Services and Innovation (DFSI), being an officer of that department (and is Chairperson);
- one is appointed by the Secretary, DE; 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.

## Members of the Authority

### Chairperson

#### Brett Newman

**MBA, LLM, LLB, BEs**

Chairperson since August 2013.

Appointed by the Secretary DFSI, Brett is the Deputy Secretary of the Property and Advisory Group, a group of DFSI related entities that includes: THA, Sydney Harbour Foreshore Authority, Waste Assets Management Corporation, Government Property NSW, NSW Public Works Facilities Management, Valuation Services (formerly part of Land and Property Information (LPI)) and Public Works Advisory.

### Deputy Chairperson

#### Mark Byrne

**MM, MBA**

Deputy Chairperson since January 2007.

Nominated by the Minister for Family and Community Services and appointed by the Governor, Mark is the Regional Asset Director, South Eastern Region, for the NSW Land and Housing Corporation.

### Members

#### Katrina Jay

**B Bus (Acc) Dip. Ed, CA**

Member since January 2002.

Nominated by the Managing Director of TAFE NSW and appointed by the Governor, Katrina is the Manager, Strategic Planning at the Western Institute of TAFE.

#### Deborah (Deb) Marten

**BA, Dip Ed.**

Member since January 2012.

Nominated by the Minister for Education and appointed by the Governor, Deb is an elected organiser, for the Riverina District and for the NSW Teachers Federation.



### Mark Anderson

**BA. Dip Ed. M Ed.**

Member from April 2015 to February 2016.

Appointed by the Secretary of the Department of Education Mark was the Director People and Careers at that Department until February 2016.

### Kate Sheehan

**BA. Dip Ed. M Ed.**

Member since February 2016.

Appointed by the Secretary of the Department of Education Kate is the acting Director People and Careers at that Department.

### Trish Webb

**Dip Ed.**

Member from August 2015 to February 2016.

Nominated by the Minister for Education and appointed by the Governor Trish was the Director Public Schools, Far West for the Department of Education.

### Philip Shelley

**B. Bus, Grad Dip Mgt, MBA**

Member since June 2008.

Philip is the General Manager of the Teacher Housing Authority of NSW and Executive Member.

## Authority Meetings

The Authority met on four occasions during 2015–16 with attendances as follows:

Name	Eligible to Attend	Attended
Brett Newman	4	4
Mark Byrne	4	4
Mark Anderson/ Kate Sheehan <sup>1</sup>	4	3
Trish Webb <sup>2</sup>	2	2
Katrina Jay <sup>3</sup>	4	0
Deb Marten	4	4
Philip Shelley	4	4

1. On 4 May 2016 Claudia Ranieri attended as proxy for Kate Sheehan (this position is able to nominate a proxy).
2. Pending an appointment this position was vacant from Feb – June) (this position is unable to nominate a proxy).
3. Due to prolonged illness Katrina Jay was unable to attend meetings during the year (this position is unable to nominate a proxy).

## Related Entity

THA is a non-controlled related entity of the Department of Finance, Services and Innovation (DFSI) and is grouped within Property NSW.

Property NSW is the new brand name encompassing the entities of Government Property NSW (GPNSW), Sydney Harbour Foreshore Authority (SHFA), Teacher Housing Authority of NSW (THA) and Waste Assets Management Corporation (WAMC).

This provides THA with corporate support including: business and administration systems; HR policies, including employee development programs; matters concerning audit, risk and governance; ministerial and executive services and legal counsel.

THA submits reports to Property NSW for inclusion in DFSI agency cluster reporting to support DFSI, the Secretary 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.

## Tenancy Services Management

### Housing allocated

During the year 454 teachers and 90 non-teachers (private tenants) were allocated housing (newly signed leases).

This represents an annual tenant-turnover rate of 41% which is significantly higher than the industry norm. As such, it is difficult to compare and benchmark THA costs, including maintenance, against the broader industry and other government agencies that provide residential accommodation (refer Benchmarking page 12).

Of the residences allocated to teachers, 273 (60%) were allocated to teachers appointed to temporary teaching positions.

### Rents

Properties managed by THA are tenanted and administered under the *Residential Tenancies Act 2010*. Under the THA Act, the Treasurer determines the setting of rents for THA property and approves the THA charging a market rent for each leased property.

THA engaged Land and Property Information (LPI) to determine a market rent for each residence.

Revised market rents were effective 1 May 2016 and were applied in accordance with the *Residential Tenancies Act 2010*. Once applied the average increase was 2.13%, with 22.7% of residences experiencing an increase, 8.2% a decrease and 69.1% experienced no change.

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

DE does not provide a rental subsidy to NSW TAFE teachers or to casual 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. Support from a teacher, experienced in the local area and with knowledge of housing procedures, can be invaluable support.

To provide this support THA oversees a network of Local Housing Representatives. These representatives are teachers who are elected by the local Teacher Association as the THA representative. 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 being a point-of-contact for newly appointed teachers they advise THA on allocations (particularly in relation to proposed sharing arrangements) and keep abreast of particular teacher needs and demands. Local Housing Representatives liaise with THA staff on policy matters and proposed capital programs.

Every three years THA hosts a conference for these representatives. The conference provides opportunity for: THA to say thank you to this group, to share ideas, for representatives to meet THA staff and generally review and discuss the service THA provides.

### 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 a monthly 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 2016, THA had 70 individual managing agents. Five THA properties are administered without a managing agent; these are Bigga (1), Lord Howe Island (3) and Wambangalang (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.

The average occupancy rate for the year was 87.8% up from 85.0% in 2014–15. The teacher utilisation rate, a more accurate efficiency indicator, increased from 73.9% to 76.8%. Factors influencing the vacancy rate include:

- the difficulty in attracting teachers to school residences, that are situated in isolated communities – are not required by teaching staff – but may be in the future;
- declining student enrolments, in some communities (in line with a decline in population);
- a high tenant turnover rate (41%);
- 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
- the need to leave residences vacant pending disposal action.

## Housing Demand

THA assesses and reviews outstanding demand at the end of April and November each year. This coincides with the beginning and end of the school year. As at 30 April 2016, there were 269 unsatisfied applications for accommodation:

- a) 10 were recent applications that were being processed at the time;
- b) 17 applications were from teachers who were housed in THA accommodation and applied so as to relocate to another THA residence in that town;
- c) 152 applications were from teachers who resided in private accommodation. These teachers applied for accommodation as it is the means of obtaining a rental subsidy from the DE. Of these applications 41% are for housing in Broken Hill. In such areas the private rental is considered partly-adequate and THA supplements the market; and

d) 90 longer-term applications, 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:

- i. 18 applications are from teachers appointed to schools which attract one or two transfer-points (these communities generally have an adequate private rental market), as such THA does not intend to provide additional accommodation in these communities; and
- ii. six applications are from teachers appointed to schools that attract four-transfer points; these communities generally have a partly-adequate private rental market;
- iii. sixty-six applications are from teachers appointed to schools that attract four (incentive) transfer points, six and eight transfer-points, these communities generally have a partly-adequate private rental market and the teacher would like to relocate to THA accommodation if it were to become available (40% of these are for housing in Broken Hill).

Throughout categories C and D are teachers who currently reside in THA accommodation in another community to the school where they are appointed. This group includes those who are in THA accommodation which may be inadequate for their family's needs.

Due to the individual needs of each teacher, unsatisfied applications for accommodation are difficult to classify and contain a degree of subjectivity. Notwithstanding this, unsatisfied demand is one of a number of factors THA uses when determining 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 that provides teachers with all the important and practical information about their tenancy. The handbook can also be viewed and downloaded from the THA website.

## Customer Satisfaction

During the year the Net Promoter Score (NPS) was adopted as a new method of measuring customer satisfaction. This method, replaced the SERVQUAL method (used since 2009) for measuring customer satisfaction.

The NPS provides an index, ranging from –100 to +100 that measures the willingness of customers to recommend a product or service to others. It is used as a proxy for gauging overall customer satisfaction.

Conducted quarterly, a survey is emailed to those teachers who have moved into a THA residence in preceding quarter.

The survey takes five minutes to complete and the format is compatible with smart phones, tablets and PCs. One question drives the score: “Based on your experience with Teacher Housing how likely are you to recommend us to a colleague?” Teachers answer with a score between 1 and 10 (with 1, being extremely unlikely to recommend, and 10 being extremely likely to recommend).

Responses are segmented into: Detractors (1–6); Neutrals (7–8); and Promoters (9–10). Neutrals are excluded, and the overall score is determined by the percent of Promoters minus the percent of Detractors. As such the score will always be between –100 and +100.

The results from teachers new to THA accommodation since 1 January 2015 – 30 June 2016 are as follows.

Item	Number	Percentage
Surveys Sent	762	
Responses received	358	47%
Margin of error (at 95% confidence interval)	3.9	
Detractors (1–6)	60	17%
Passives (7–8)	99	28%
Promoters (9–10)	210	59%
Comments received	80	
<b>Overall Score (Promoters minus Detractors)</b>		<b>59-17= +42</b>

Given the importance housing is to a teacher’s overall experience the results are generally pleasing.

The method also provides opportunity for teachers to comment on the service received. Actions from comments received include: improving response rates to emails/messages; and addressing outstanding maintenance requests with managing agents.

## Asset Management

At 30 June 2016 THA’s portfolio had a written down book value of \$ 163.9 million. The portfolio consisted of 1352 properties, including 107 managed residences that are owned by the Department of Education. A breakdown of the portfolio is included in the Key performance indicators on page 15.

THA provides accommodation in 207 communities, the average number of residences in each community is 6.5 with a more detailed breakdown in the table below:

Community Presence	Number of Communities	Number of Properties	Percent of Portfolio
More than 50 properties	4	227	17%
Between 30–49 properties	5	185	14%
Between 20–29 properties	5	116	9%
Between 10–19 properties	24	334	24%
Between 5–9 properties	42	271	20%
Between 2–4 properties	47	139	10%
With a single property	80	80	6%
<b>Grand Total</b>	<b>207</b>	<b>1352</b>	<b>100%</b>



## Strategic Asset Management Plan

THA has a Strategic Asset Management Plan which identifies residences that are surplus to need, replaces those that are in poor locations or at the end of their economic lives and provides for new supply to meet a portion of any unmet demand.

The plan considers the adequacy of the private rental markets where THA provides accommodation and the level of incentive the Department of Education provides to schools so as to assist attracting and retaining teachers at those schools. The plan has two aspects:

- **Rural Strategy:** provides for teachers to choose to commute from a larger community to where they teach. In many instances teachers prefer a reasonable daily commute to living in an isolated community. This choice supports the Department of Education's recruitment and retention strategies.
- **Remote Strategy:** provides accommodation where teachers have no choice but to live in the community in which they teach.

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

## Eco Village

During the year THA continued to partner with the University of Sydney in research comparing the biophysical performance and achieved satisfaction outcomes of the Eco Village in Broken Hill against the THA's conventional residences in that town. Further information including the research findings is available on the THA website.

## Flexible Accommodation

Maximising asset utilisation and providing the right mix of houses/units is difficult given varying demand i.e. singles, couples and families.

To meet this challenge THA developed flexible accommodation, an innovative concept developed at 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 was completed in Lake Cargelligo in 2015 and then in Coonamble and Brewarrina in early 2016.

John Marsi, THA Asset Manager, won the 2016 Secretary's individual award for innovation for progress made in these designs. Capable of meeting the needs of families, couples and singles it provides opportunity to improve 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 surplus assets, and the annual State Government contribution.

During the year THA completed the construction of twenty new residences (refer Appendix 1 on page 20). Projects are not considered work-in-progress until expenditure, beyond the acquisition of land, has been incurred.

## Land Purchases

During the year THA purchased one block of land in Finley at a cost of \$63,087.

## Asset Disposal

During the year THA sold ten properties, deemed to be surplus to need, refer Appendix 3 on page 20.

THA retains the proceeds from the sale of surplus assets which support funding new supply.

No properties with a value greater than \$5 million were disposed of during 2015–16.

No properties were disposed of where there was a business or family connection between the purchaser and the approving person.

An application for access to documents concerning details of properties disposed of during the reporting year may be made in accordance with the *Government Information (Public Access) Act 2009*.

## Hazardous Materials

When THA properties are leased in accordance with the *NSW Residential Tenancies Act 2010* they are not defined as a teacher'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 can be downloaded from the THA website.

## Heritage Assets

As at 30 June 2016 there were eight 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 DE owned school residences, managed by THA (Crookwell, Quambone, Narrandera and Burren Junction) and four are THA owned residences (Leeton, Dalgety, Merriwa and Gulgong).

## Maintenance

THA classifies maintenance as either refurbishment maintenance or responsive (contingency) maintenance which includes periodic and 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 and major works in 2015–16 was \$2.2 million and included the refurbishment of 50 residences.
- Responsive maintenance is, in most instances arranged by Managing Agents with expenditure approved by THA. Expenditure on responsive maintenance was \$4.4 million.

During the year THA conducted financial analysis to determine future maintenance expenditure based upon: the portfolio projections of the strategic asset plan; historic expenditure on responsive maintenance; typical component lifecycle and current asset quality.

That analysis estimated that future expenditure would be within 5% of the amounts currently projected in the forward estimates and 10 year financial projections. As such, the current projections were deemed to be sufficient to maintain the portfolio in its current condition.

## 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 the Department of Education. These properties are located on school grounds and due to various title arrangements cannot be vested or otherwise transferred to THA.

During the year, the THA returned the management of the following five school residences to the Department of Education: Duri, Cowra South, Spring Terrace, Girilambone, Cumnock and the THA accepted the return of the Tambar Springs school residence.

## 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 2015–16 result was a deficit of \$2.5 million, which was in line with budget. Operating revenue totalled \$17.3 million. This included rental income of \$10.6 million, against a budgeted \$10.9 million, and a contribution received from the State Government of \$5.9 million.

Salaries and wages totalled \$1.8 million against budgeted \$2 million and against \$1.5 million in 2014–15. The salaries and wages expense in 2014–15 was lower due to a transfer of the superannuation liability from THA to the state.

Operating expenses totalled \$19.8 million against a budgeted \$19.8 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.

### Capital Program

During the year capital expenditure totalled \$4.7 million (budgeted \$6.8 million) and proceeds from the sale of surplus assets totalled \$1.7 million (budgeted \$2.9 million).

Opportunities to capitalise major items of maintenance are limited as 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 the land owned or occupied as at 30 June 2016 was:

	2015–16 \$'000	2014–15 \$'000	2013–14 \$'000
Vacant Land	1,064	964	477
Residences	26,448	30,436	25,164
<b>Total land owned or occupied</b>	<b>27,512</b>	<b>31,400</b>	<b>25,641</b>

Asset value is recorded as at 30 June 2016.



## Account Payment Performance

Throughout the year, THA paid on average 98.1% percent of its creditors (90% 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 12.

## Credit Card Certification

As required by Treasury Policy paper TPP 05-1 Credit Card Use Best Practice Guide, I certify that corporate credit card use at the THA during 2015–16 has been in accordance with Premier’s Memoranda and Treasurer’s Directions.

Philip Shelley, General Manager, Teacher Housing Authority of NSW, 30 September 2016

## Loan Facility

In June 2016 THA fully repaid a loan from T-Corp. The loan was able to be paid off ahead of time because the THA has adequate forecast cash reserves saving interest payments in the long term.

## Benchmarking

Benchmarking against comparable organisations, conducted in 2014–15 was expanded to include exposure to future maintenance expenditure. Projections were made in light of asset age, current condition and typical component lifecycle.

Maintenance expenditure during the year, and for future projections, remains below this established benchmark.

## 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 15.

## Operating Results

### Key Financial Statistics Four Year Trend

Key Financial Results	2015–16 \$'000	2014–15 \$'000	2013–14 \$'000	2012–13 \$'000
<b>Financial Performance</b>				
Revenue	17,333	16,914	17,213	17,345
Expenses	19,787	20,106	22,166	19,290
<b>Total Operating Revenue</b>	(2,454)	(3,192)	(4,953)	(1,945)
<b>Included in Operating Results:</b>				
State Government Contribution	5,868	5,725	5,710	5,705
Grant from DEC	600	600	600	600
Borrowing Costs	302	135	108	236
<b>Financial Position</b>				
Assets	170,147	171,207	152,079	159,313
Liabilities	1,478	2,608	4,291	7,052
<b>Net Assets</b>	168,669	168,599	147,788	152,261
<b>Financial Analysis</b>				
Current Ratio	5.03:1	6.84:1	3.03:1	1.76:1
Total Debt to Total Assets	0.9%	1.5%	2.8%	4.4%
Total Assets to Equity	100.9%	101.5%	102.9%	104.6%
Return on Assets	(1.44)%	(2.09)%	(2.50)%	(2.30)%

## Performance against Budget

Management Operations	2015–16 Actual \$'000	2015–16 Budget \$'000	2015–16 Variance \$'000	2016–17 Budget \$'000
<b>Revenue</b>				
Rental Income	10,551	10,908	(357)	10,746
Grant from DEC	600	600	0	600
Government Contribution	5,868	5,711	157	6,015
Investment and Other Income	314	145	169	200
<b>Total Operating Revenue</b>	<b>17,333</b>	<b>17,364</b>	<b>(31)</b>	<b>17,561</b>
<b>Expenses</b>				
Property Maintenance	6,641	7,045	404	7,449
Property Rates	2,342	2,286	(56)	2,428
Borrowing Costs	302	113	(189)	120
Personnel Services Expenses	2,129	2,125	(4)	2,209
Other Administration Expenses	3,160	3,252	92	2,960
Loss/(Gain) on Asset Disposals	(39)	132	171	437
Depreciation	5,252	4,869	(383)	5,499
<b>Total Operating Expenses</b>	<b>19,787</b>	<b>19,822</b>	<b>35</b>	<b>21,102</b>
<b>Operating Surplus/(Deficit)</b>	<b>(2,454)</b>	<b>(2,458)</b>	<b>4</b>	<b>(3,541)</b>

Capital Program	2015–16 Actual \$'000	2015–16 Budget \$'000	2015–16 Variance \$'000	2016–17 Budget \$'000
<b>Receipts</b>				
Asset Disposal Proceeds	1,657	2,865	(1,208)	3,933
<b>Total Capital Receipts</b>	<b>1,657</b>	<b>2,865</b>	<b>(1,208)</b>	<b>3,933</b>
<b>Payments</b>				
New Works	4,726	6,605	1,879	4,938
Other	5	250	245	0
<b>Total Capital Payments</b>	<b>4,731</b>	<b>6,855</b>	<b>2,124</b>	<b>4,938</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(3,074)</b>	<b>(3,990)</b>	<b>916</b>	<b>(1,005)</b>



## Account Payment Performance

	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-15	3,831	64	4	39	-
	Dec-15	4,166	416	2	-	-
	Mar-16	3,641	31	-	-	-
	Jun-16	3,303	381	2	-	-
<b>Small Business Suppliers</b>	Sep-15	13	1	-	-	-
	Dec-15	11	-	-	-	-
	Mar-16	7	-	-	-	-
	Jun-16	7	-	-	-	-

Measure	Sep-15	Dec-15	Mar-16	Jun-16
Number of accounts due for payment	3,566	3,114	3,510	3,807
Number of accounts paid on time	3,475	2,994	3,468	3,807
Actual percentage of accounts paid on time (based on number of accounts)	97%	96%	99%	100%
Dollar amount of accounts due for payment	\$3,731	\$4,389	\$3,591	\$2,771
Dollar amount of accounts paid on time	\$3,620	\$3,971	\$3,561	\$2,771
Actual percentage of accounts paid on time (based on \$)	97%	90%	99%	100%
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	24	20	20	23
Number of accounts paid on time	14	20	20	23
Actual percentage of accounts paid on time (based on number of accounts)	58%	100%	100%	100%
Dollar amount of accounts due for payment	\$14	\$11	\$7	\$7
Dollar amount of accounts paid on time	\$13	\$11	\$7	\$7
Actual percentage of accounts paid on time (based on \$)	93%	100%	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

		2016 Target	2016	2015	2014	2013
Houses by Owner	THA	N/A	464	476	495	518
	DEC	N/A	107	111	132	165
	Head Leased	N/A	0	0	1	3
Furnished Units (incl Studio Units)		N/A	754	726	729	729
<b>Total Residences Under Management</b>		<b>1,283</b>	<b>1,325</b>	<b>1,313</b>	<b>1,357</b>	<b>1,415</b>
Vacant Land	THA owned		25	37	26	28
	Crown Land		2	2	2	2
	<b>Total</b>	<b>N/A</b>	<b>27</b>	<b>39</b>	<b>28</b>	<b>30</b>
Work In Progress		N/A	0	3	7	13
<b>Total Properties</b>			<b>1,352</b>	<b>1,355</b>	<b>1,392</b>	<b>1,458</b>
Average Occupancy throughout the year		89.4%	87.8%	85.0%	85.3%	85.7%
Average Occupancy throughout the year by tenant type	Teachers	79.1%	76.8%	73.9%	72.8%	72.6%
	Non Teachers	10.3%	11.0%	11.1%	12.5%	13.1%
	Vacant	10.6%	12.2%	15.0%	14.7%	14.3%
Allocations (New Tenants signed)	Teachers	N/A	454	411	437	462
	Non Teachers	N/A	90	82	101	125
	<b>Total</b>		<b>544</b>	<b>493</b>	<b>538</b>	<b>587</b>

### Weekly Rental Amounts (applied from 1 May\*)

	2016	2015	2014	2013
Average	\$186.93	\$183.04	\$176.57	\$172.78
Highest	\$415.00	\$415.00	\$415.00	\$410.00
Lowest	\$65.00	\$55.00	\$55.00	\$50.00
Median	\$180.00	\$180.00	\$170.00	\$165.00
<b>Change of average rent</b>	<b>2.13%</b>	<b>3.66%</b>	<b>2.74%</b>	<b>2.41%</b>



## Capital Delivery

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

	Target 2016	2016*	2015	2014	2013	2012	2011
Weeks to appoint a project manager	8	13	4	5	7	6	8
Weeks to appoint a contractor once a project manager has been appointed	12	27	11	12	26	20	29
Construction period	32	26	34	27	56	38	30
Period of delivery since approval (weeks)	52	66	49	44	89	64	67
Residences constructed in period	16	16	6	18	15	18	13

\*Note that contracts are now tendered and awarded following Board approval.

## Stakeholders

Responsibilities to stakeholder groups and how those responsibilities are addressed are shown in Appendix 11 on page 28.

## Human Resources

### Staffing Arrangement

The THA Act prohibits THA from engaging employees. The staff who perform functions for the THA are DFSI employees, employed under agreement between THA and DFSI, and engaged in accord with the *Government Sector Employment Act 2013*. Accordingly, DFSI personnel policies and practices apply to the THA staff.

### Staffing Numbers

A table showing the category of staff at THA, for the reporting year and the preceding three years, is shown at Appendix 4 on page 21.

### Organisational Structure

The organisational chart, as at 30 June 2016, outlining THA's organisational structure, reporting lines and functional responsibilities is shown in Appendix 7 on page 22.

### Principal Roles

On behalf of the THA, and in accordance with the PSC Circulars: 2014–09; 2015–07; and 2016–05 executive reporting is included in the DFSI annual report.

## Industrial Relations

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

## Equal Employment Opportunity

The THA's EEO Management Plan for 2015–16 focused on improving internal communications through whole of staff meetings and circulated material to all staff.

Statistical information relating to the EEO is shown at Appendix 5 on page 21. The relative stability of the THA's workforce has provided little opportunity to improve representation and distribution of some EEO groups at the THA.

## Multicultural Policies and Services Program

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

These principles are implemented through:

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

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

As a related entity of DFSI, THA staff members have access to the DFSI Multicultural Policies and Services Program 2015–2016 including the DFS statement on multicultural planning and progress.

THA will continue to implement the principles by the means outlined above.

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

### Workplace Health and Safety (WHS)

As DFSI employees, THA has adopted the DFSI WHS policies and procedures for THA staff. A DFSI WHS committee includes both a THA employer and employee representatives.

During 2015–16 there were no reportable incidents, near-misses, or lost time due to injury concerning THA employees, including contractors, agency staff or volunteers.

DFSI reports on, in its annual report, WHS initiatives, a WHS Community of Practice and a summary of compensation claims. These include WHS matters relating to THA.

### Employee Assistance Program

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

### NSW Public Sector Workforce Profile

As part of a Service Level Agreement for corporate services, DFSI completes and lodges the annual workforce profile in respect of THA staff.

### Disability Inclusion Plan

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

## Other Activities

### Public Access to Government Information

During the year THA did not receive any requests for information under the *Government Information Public Access Act (GIPAA) 2009*.

### Privacy and Personal Information Protection Act 1998 (PIIP Act)

In accordance with section 33(1) of the *Privacy and Personal Information Protection (PPIP) Act 1998* THA has adopted DFSI's privacy management plan.

Information about how the THA manages its obligations under the PPIP Act is available at <https://www.finance.nsw.gov.au/privacy-statement>.

In 2015–16, THA did not receive: any applications by any individuals requesting their personal information under the PPIP Act; any informal requests for personal information; or any requests for reviews under the PPIP Act.

### Insurance

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

For the 2015–16 financial year, THA incurred insurance premiums totalling \$376,497 (property cover was \$350,086).

Property insurance related claims totalling \$25,792 were paid by the fund during the year. Refer Appendix 6 on page 21.

### 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 in place internal audit and risk management processes that are compliant with the eight core requirements set out in NSW Treasury Policy TTP 15-03 *Internal Audit and Risk Management Policy for the NSW Public Sector*. These processes include:

- THA Members approving the appointment of DFSI's Chief Auditor Executive as THA's Chief Auditor Executive;
- Treasury approving in accordance with *Guidance on shared arrangements and sub committees for Audit and Risk Committees* (TPP 12-04); shared arrangements for the entities that form Property NSW.

Refer internal Audit and Risk Management Attestation Statement (Appendix 8, page 23).

## Internal Audit Plan

THA has an ongoing Internal Audit Program approved by the ARC. That program includes THA activities in DFSI wide audits as well as audits specific to THA. In 2015–16 the following audit, specific to THA, was conducted:

- Tenancy Allocation.

## Public Interest Disclosures (PID's)

THA adopts the DFSI Fraud and Corruption Internal Reporting Policy. That policy outlines the support and protections available for staff under the Public Interest Disclosures Act 1994 for a person wishing to make a public interest disclosure.

The policy is available on the intranet, it includes details of nominated officers who are authorised to receive a disclosure (including the THA General Manager).

PID resources are available to staff on the intranet, highlighted during induction training and presented on at staff meetings with the presentations emailed to staff.

During the year there were no PIDs made: by public officials performing their day to day functions; under a statutory or other legal obligation; or of any other form.

## Consultants

Nine consultants were engaged during the year at a total cost of \$64,300. Consultancies supported and/or provided advice in regard to the following:

- review and consider the maintenance service delivery model;
- conduct long-term maintenance expenditure scenario analysis;
- taxation advice (GST);
- evaluate position descriptions;
- assess (audit) website security;
- assess the adequacy of 13 private rental markets;
- examine the payment process (justification) of a specific capital project;
- research the history of a heritage residence, and
- provide illustrative plans for a design concept.

## Information and Communications Technology

Under a Service Level Agreement DFSI supports the THA's ICT systems. This includes web hosting, configuration, administration, management and maintenance related support functions for servers within the production and DR data centres and remote office data centres.

THA's website, at [www.tha.nsw.gov.au](http://www.tha.nsw.gov.au) provides teachers with access to a range of information and online services including application and vacancy forms, tenant handbooks, policies and reports, newsletters and contact information. Teachers can view properties in each location.

During the year THA replaced the financial aspects of ProMan (IT operating platform) with SAPbyDesign. This project, which leveraged off a similar successfully implemented project at Sydney Harbour Foreshore Authority was managed and delivered by Government Property NSW.

The financial aspects of SAPbyDesign went live on 1 July 2016. THA remains reliant upon ProMan for non-financial tenancy and asset management functions until customised modifications to SAPbyDesign have been fully implemented.

## **NSW Digital Information Security Policy Compliance Attestation Statement 2015–16 Financial Year Teacher Housing**

Digital Information Security Annual Attestation Statement (Appendix 9).

## **Business Continuity Plan (BCP)**

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

THA has prepared a Business Impact Assessment in conjunction with the DFSI 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 2016–17 financial year. The Business Plan supports the SBI and details the objectives, strategies and performance targets of the organisation within a five to 10 year planning horizon.

The SBI and the Business Plan were endorsed by the Board in September 2016 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.

Property NSW submits the 2016–17 SBI and Business Plan on behalf of THA.

## **Overseas Travel**

No Board or staff member travelled overseas on official business during 2015–16.

## **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 2015–16

Town	Project Description	Street	Total project Cost (\$'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
Condobolin	Driveway modifications to units purchased in 2013-14	McGreggor Street	69.2
Coonamble	Construction of two two-unit duplex (flexible design)	Bimble Street	1,168.5
Wilcannia	Construction of four single-bedroom units	Woore Street	1,054.9
Brewarrina	Construction of four single-bedroom units	Wilson Street	1,149.8
Brewarrina	Construction of two two-unit duplex (flexible design)	Bathurst Street	1,188.9
<b>Total</b>			<b>5,795.3</b>

## Appendix 2

### Works-In-Progress as at 30 June 2016

Town	Project Description	Street	Cost (\$'000)
Leeton	Legal fee for land acquisition	Church Street	1.5
Condobolin	Survey plans and preliminary drawings	Officers Parade	25.3
<b>Total</b>			<b>26.8</b>

## Appendix 3

### Asset Disposal (Property Sold in 2015–2016)

Town	Address	Type	Contract Price
Cowra	4 Karinya Street	House	180,000
Hanwood	20 Wilga Street	House	190,000
Dundurrabin	37 Mount Street	House	132,500
Griffith	26 Wyangan Avenue	House	185,000
Griffith	5 Bennett Court	House	195,000
Corindi Beach	121A Pacific Street	House	315,000
Ungarie	28 Ungarie Street	House	110,000
Gunnedah	121 Barber Street	House	79,950
Walcha	4 Semphill Crescent	2 Units	342,000
<b>Total</b>			<b>1,729,450</b>

## Appendix 4

### THA Employees by Category as at 30 June 2016

Category	2015–16	2014–15	2013–14	2012–13
Administrative and clerical and part time employees (includes contractors)				
Full-time positions	19	20	21	21
Part-time positions	3	3	3	2
<b>Total Positions</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>23</b>

## Appendix 5

### Workforce Diversity

Workplace Diversity Group	Govt Target	2015–16	2014–15	2013–14	2012–13
Women	50%	73%	73%	59%	59%
Aboriginal & Torres Strait Islanders	2%	–	–	–	–
People whose language first spoken as a child was not English	20%	50%	48%	30%	30%
People with Disability	12%	–	–	–	–

## Appendix 6

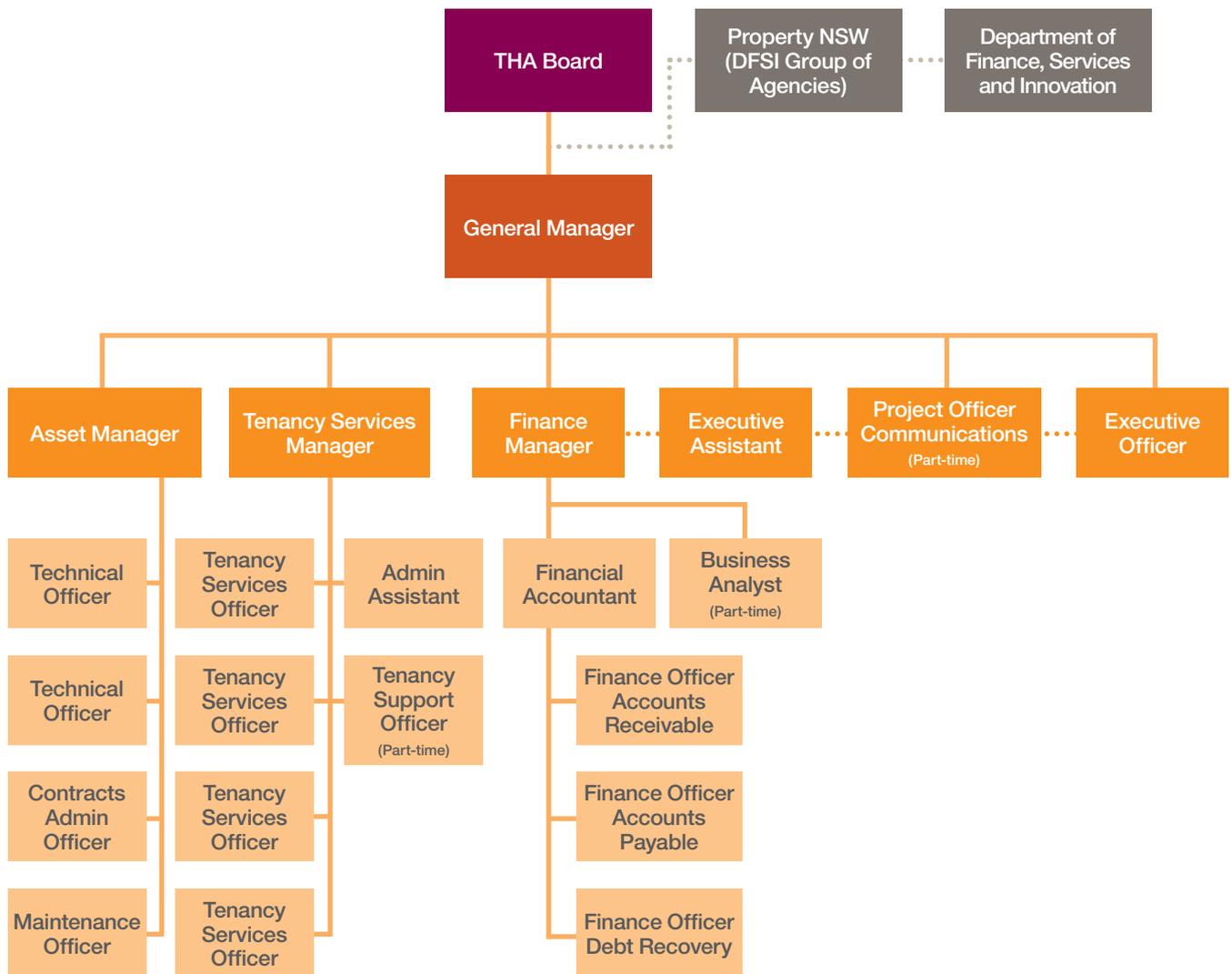
### Treasury Managed Fund – Insurance Recovery

Locality	Claim	Cost (\$)
Wambangalang	Pipes burst in ceiling	6,094
Bourke	Storm damage	2,768
Mendooran	Storm damage	2,628
Lightning Ridge	Replace garage door – vehicle damage	2,228
Bourke	Replace vanity – water damage	1,245
Bourke	Ceiling damage water leak	1,232
North Star	Storm damage	1,199
Condobolin	Repairs to storeroom – break in	1,133
Wanaaring	Storm damage	1,078
Various	11 Claims under \$1000	6,188
<b>Total</b>		<b>25,792</b>



## Appendix 7

### Operational Management Chart 2015–16



## Appendix 8

### Internal Audit and Risk Management Attestation Statement for the 2015–2016 Financial Year for the Teacher Housing Authority

I, Brett Newman, Chair of the Teacher Housing Authority, am of the opinion that the Teacher Housing Authority has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
<b>Risk Management Framework</b>		
1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
<b>Internal Audit Function</b>		
2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
<b>Audit and Risk Committee</b>		
3.1	An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant



## Membership

The chair and members of the Audit and Risk Committee are:

- Carol Holley, Independent Chair, from 2 December 2016 to 1 December 2020;
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2019;
- Mark O'Sullivan, Independent Member, from 25 January 2016 to 24 January 2018.

The previous Audit and Risk Committee was disbanded with effect from 20 November 2015.

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

- Government Property NSW
- Sydney Harbour Foreshore Authority
- Luna Park Reserve Trust
- Waste Assets Management Corporation

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

**Brett Newman**

Chair  
Teacher Housing Authority

Date: 22 September 2016

Agency Contact Officer  
Andrew Pilbeam  
Chief Audit Executive, 9372 8047  
andrew.pilbeam@finance.nsw.gov.au

## Appendix 9

### Digital Information Security Annual Attestation Statement for 2015–2016

I, Philip Shelley, General Manager of the Teacher Housing Authority of NSW, am of the opinion that the Teacher Housing Authority has implemented an Information Security Management System during the financial year being reported on which is compliant with the Core Requirements set out in the *Digital Information Security Policy for the NSW Public Sector*.

I, Philip Shelley, General Manager of the Teacher Housing Authority of NSW, am of the opinion that the security controls in place, to mitigate identified risks to the digital information and digital information systems of the Teacher Housing Authority are adequate for the foreseeable future.

I, Philip Shelley, General Manager of the Teacher Housing Authority of NSW, am of the opinion that, where necessary in accordance with the *Digital Information Security Policy for the NSW Public Sector*, the Teacher Housing Authority of NSW is transitioning towards adopting relevant practices aligned with AS/NZS ISO/IEC 27001 *Information technology – Security techniques – Information security management systems*.



**Philip Shelley**  
General Manager

Date: 22 September 2016



## Appendix 10

### Comments from customer survey

---

All in all it has been an extremely easy and positive experience. Next to previous housing procedure I cannot fault the ease and understanding shown in the move. Absolutely nothing negative to report! Thank you

---

I liked dealing with Nick. I thought he was accurate when giving information and friendly with his customer service. Unfortunately, I moved all the way from Newcastle to Broken Hill on a single term contract. There's so much rhetoric on attracting and keeping good teachers in the bush, but nothing was done to help me maintain my accommodation here or move to a new place.

---

Only that at the beginning when I was looking to move in, it took longer than originally planned but I was only notified when I contacted you. I would have appreciated being kept in the loop.

---

I was in a time of uncertainty while moving from Sydney where I lived with my husband to Moree where I would be living alone. Teacher Housing were wonderful to work with and all I had to organise was my electricity and phone connection. Thank you once again!

---

Thankyou. Trish Clark from Trangie and Elodie from Cobar have been excellent.

---

Staff at THA and staff at local agency have been terrific!

---

The whole experience was very smooth, aided enormously by friendly, helpful, efficient people. Thank you!

---

Kerrie from THA is fantastic and Kelly's Property in Walgett are very responsive to requests

---

I appreciated being able to defer full payment of the bond to reduce moving costs. I arrived in Broken Hill and the apartment was ready. I was so grateful, thank you very much

---

As a Teacher that has moved from a country town to another country town it has been great for me knowing that there is a property available at times through Teacher Housing. It takes much of the stress away of trying to look for and viewing dozens of units, homes etc. As the elected Teacher Housing Representative for our Association I will endeavour to speak with all teachers in the town that are being housed by TH so that they can contact me with concerns about their rental properties. It will also give me the opportunity to speak with THA on a regular basis so that we are able to make the transition of these teachers who have taken the step and moved to a country town a lot more stress free when it comes to dealing with such issues as out-dated furniture, stoves, repairs etc. It is great that units and homes can be partly furnished, but when these materials are old and parts are not available to be repaired then up-grades should be made accordingly. It is here that TH and the agent, tenant will be working as one to attract more and more teachers to the country area with a great service from TH. Thanking you for the opportunity to participate in the survey and looking forward to dealing with you in the future.

---

---

Biki's help and advice was very calming, as I was panicking about when housing would be available.

---

Disappointed with agent's inspection of property – many faults not recognised at all, including the cleaning (or lack there of), old appliances, bent legs on chairs and stain in bath. All interactions with Teacher Housing have been positive and prompt with every effort to fit in with my movements. thank you and well done

---

Great place to call home.

---

It is so wonderful to be able to make a big life change with the support of housing behind myself and my family. It has been one of the best things my family has ever done and Nic Ul and the team around him have been instrumental in making this happen. Thank you.

---

Teacher housing is very practical and the standard has always been good.

---

I have been moved in for a term and I am still waiting on a new couch and a dead tree to be taken out of the backyard

---

We have only been in teacher housing for one term. To date we have no complaints.

---



---

Talking to nice personable people... I didn't feel I was just a number

---

Any issues have been more with the managing agent than with THA.

---

All seemed to go ok, just little hiccup with rent deductions when payroll mucked up pay so I got 3 pays and therefore 3 lots of rent deducted in 2 weeks. Just waiting on bond to be refunded.

---

An excellent experience thanks to Karen as well as the agents up here. The house we were privately renting up here was going to be sold so we wanted to get the family settled in somewhere new before Christmas, at fairly short notice. This was achieved and made easy after my initial contact with teacher housing. This is my first experience in dealing with the organisation and I thoroughly recommend the service. Thanks again

---

Very happy with my house. From point of contact to moving in was a few days. My alternative was a motel so i really appreciate my situation being treated with the efficiency that it was, by teacher housing and the real estate agent.

---

## Appendix 11

### Responsibilities to stakeholders

Responsibility	Stakeholder	Application
1. The provision of an economic, effective and efficient housing service where the private rental market is inadequate.	Members of the Education Teaching Service (Teachers)	<ul style="list-style-type: none"> <li>Review business performance, where necessary measuring it against relevant indicators. Prepare adequate business plans; budgets, audits and customer surveys.</li> <li>Determine alternative rental accommodation in the relevant communities.</li> <li>Ensure managing agents are accessible, responsive, and suitably empowered to act on behalf of THA.</li> <li>Support locally appointed housing representatives to represent and liaise with tenants, agents and THA.</li> <li>Prepare and review a strategic asset plan for the portfolio to ensure service levels and business objectives are met and assets are acquired, maintained and sold as required.</li> </ul>
2. Significant matters relating to the housing of teacher and non-teacher tenants are referred for consideration.	Minister for Finance, Services and Property	<ul style="list-style-type: none"> <li>Submission of the Business Plan and Statement of Business Intent.</li> </ul>
3. Contentiousness 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, Services and Property	<ul style="list-style-type: none"> <li>Ensure THA has a robust policy framework in place so as issues are suitably addresses as they arise.</li> <li>Be aware of Property NSW / DFSI policies and objectives so as such issues are appropriately advised and/or responded to.</li> </ul>
4. Support the Department of Education in the delivery of education by providing quality housing as an incentive to attract and retain teachers to localities in rural NSW.	Department of Education	<ul style="list-style-type: none"> <li>Ensure THA liaises with the Department of Education staffing services on accommodation needs, local issues, emerging demographics and other relevant topics.</li> <li>Conduct customer surveys on the adequacy of the THA's service.</li> </ul>
5. Liaise with the Department of Education 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	<ul style="list-style-type: none"> <li>The preparation and review of business plans, budgets, forward estimates underpinned by adequate strategic asset plans.</li> </ul>
6. The development and implication of a financially sound Business Plan and Statement of Business Intent.	NSW Treasury	<ul style="list-style-type: none"> <li>Review the Business Plan and Statement of Business Intent in light of THA's objectives, scope of operations, strategic direction, financial &amp; non-financial targets and impacts of risk assessments.</li> </ul>

Responsibility	Stakeholder	Application
7. Adherence to all financial policies and procedures required of government.	NSW Treasury Department of Finance, Services and Innovation	<ul style="list-style-type: none"> <li>Preparation and presentation of annual audited financial statements.</li> <li>Preparation and presentation of a Business Plan and Statement of Business Intent.</li> <li>Liaison on various preliminary and mini budgets.</li> <li>Respond to requests for information in a timely manner.</li> <li>Adherence to Acts, Regulations, circulars, policies and guidelines.</li> <li>Preparation and presentation of the annual report.</li> </ul>
8. Contentiousness or politically sensitive issues that may impact upon the government are advised in a timely manner.  8.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences etc. are met.  8.ii. Operate within the broad governmental framework of NSW.	Department of Finance, Services and Innovation  Department of Premier and Cabinet  Department of Education  Public Service Commission	<ul style="list-style-type: none"> <li>Adhere to all policies and procedures required of governmental agencies.</li> <li>Respond to requests for information in a timely manner.</li> <li>Review the impact of governmental policy on THA's business.</li> <li>Preparation and submission of THA's annual report.</li> </ul>
9. Provide an organisation that engenders a learning and continuous improvement culture.	THA Staff	<ul style="list-style-type: none"> <li>Review operational and strategic HR issues in light of legislative issues and the boarder governmental framework.</li> <li>Review the business plan in consideration of internal capabilities in an effort to align an employee's needs with those of THA.</li> </ul>
10. THA be appropriately resourced to deliver an effective and efficient housing service to teachers.	THA Staff	<ul style="list-style-type: none"> <li>Ensure THA's objectives are met by preparing an appropriate budget, training employees and recruiting staff adequately qualified for each position.</li> </ul>
11. Access to quality education for all NSW children.	Students and parents	<ul style="list-style-type: none"> <li>The provision of quality housing service to teachers in rural and remote NSW where the private rental market does not meet their needs.</li> </ul>
12. The rights of the members of the community who rent THA accommodation (in the absence of teacher demand).	The wider community	<ul style="list-style-type: none"> <li>Compliance with various legislations in particular the NSW residential tenancy legislation.</li> </ul>



# Financial Statements

## For the Year Ended 30 June 2016

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## Statement by Members

### Financial Statements for the Period Ended 30 June 2016

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 2016;
- (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.

A handwritten signature in black ink, appearing to read 'B. Newman'.

**Brett Newman**  
Chairman  
30 September 2016

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

**Philip Shelley**  
General Manager  
30 September 2016



## INDEPENDENT AUDITOR'S REPORT

### Teacher Housing Authority of New South Wales

To Members of the New South Wales Parliament

#### Opinion

I have audited the accompanying financial statements of Teacher Housing Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2016, 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.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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.

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

### 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 determines 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.

In preparing the financial statements, the members of the Board must assess the Authority's ability to continue as a going concern unless the Authority will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Authority carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



David Nolan  
Director, Financial Services

4 October 2016  
SYDNEY

[Start of Audited Financial Statements]

## Statement of Comprehensive Income

For the Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>REVENUES</b>			
Rental Income	2	10,551	10,335
Investment Income		243	216
Other Income		71	38
Grant from Department of Education and Communities		600	600
State Government Contribution	3	5,868	5,725
<b>TOTAL REVENUES</b>		<b>17,333</b>	<b>16,914</b>
<b>EXPENSES</b>			
Property Maintenance	4	6,641	7,554
Property Rates	5	2,342	2,145
Personnel Services Expense	6	2,129	1,753
Borrowing Costs		302	95
Other Administration Expenses	7	3,160	3,271
Depreciation	10(a)	5,252	5,366
<b>TOTAL EXPENSES</b>		<b>19,826</b>	<b>20,184</b>
Profit (Loss) on Disposal of Non-Current Assets	10(b)	39	78
<b>Net result for the Year</b>		<b>(2,454)</b>	<b>(3,192)</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	10(a)	2,524	24,003
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>2,524</b>	<b>24,003</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>70</b>	<b>20,811</b>

The accompanying notes form part of these statements

## Statement of Financial Position

As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	8	5,942	7,221
Receivables	9	304	336
Non-Current Assets Held For Sale	10(a)	1,194	2,260
<b>Total Current Assets</b>		<b>7,440</b>	<b>9,817</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10(a)	162,707	161,255
Amortised Borrowing Cost		–	135
<b>Total Non-Current Assets</b>		<b>162,707</b>	<b>161,390</b>
<b>TOTAL ASSETS</b>		<b>170,147</b>	<b>171,207</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	12	1,478	1,271
Borrowings	13	–	164
<b>Total Current Liabilities</b>		<b>1,478</b>	<b>1,435</b>
<b>Non-Current Liabilities</b>			
Borrowings	13	–	1,173
<b>Total Non-Current Liabilities</b>		<b>–</b>	<b>1,173</b>
<b>TOTAL LIABILITIES</b>		<b>1,478</b>	<b>2,608</b>
<b>NET ASSETS</b>			
Equity			
Reserves		95,626	94,563
Accumulated Funds		73,043	74,036
<b>TOTAL EQUITY</b>		<b>168,669</b>	<b>168,599</b>

The accompanying notes form part of these statements

## Statement of Changes in Equity

For the Year Ended 30 June 2016

	Note	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total \$'000
<b>Balance as at 1 July 2015</b>		74,036	94,563	168,599
<b>Net result for the year</b>		(2,454)	–	(2,454)
<b>Other comprehensive income:</b>				
Net increase / (decrease) in property, plant and equipment	10(a)	–	2,524	2,524
Transfer from Asset Revaluation Reserve on disposal of property, plant and equipment		1,461	(1,461)	–
<b>Total other comprehensive income</b>		<b>1,461</b>	<b>1,063</b>	<b>2,524</b>
<b>Total comprehensive income for the year</b>		<b>(993)</b>	<b>1,063</b>	<b>70</b>
<b>Balance as at 30 June 2016</b>		<b>73,043</b>	<b>95,626</b>	<b>168,669</b>
<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	10(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>

The accompanying notes form part of these statements

## Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Cash Flows from Operating Activities</b>			
<b>Payments</b>			
Property and Administration		(11,490)	(14,091)
Personnel Services Expense		(2,662)	(2,085)
Finance Expenses		(167)	–
<b>Total Payments</b>		<b>(14,319)</b>	<b>(16,176)</b>
<b>Receipts</b>			
Rental Income		10,669	10,473
Investment Income		243	216
Other Income		71	38
<b>Total Receipts</b>		<b>10,983</b>	<b>10,727</b>
<b>Cash Flows from Government</b>			
State Government Contribution	3	5,868	5,725
Department of Education and Communities Contribution		600	600
<b>Net Cash Flows from Government</b>		<b>6,468</b>	<b>6,325</b>
<b>Net Cash Flows From Operating Activities</b>	16	<b>3,132</b>	<b>876</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Disposal of Non-Current Assets	10(b)	1,657	3,856
Purchases of Non-Current Assets	10(a)	(4,731)	(3,288)
Sale of Investment		–	4,108
<b>Net Cash Flows From Investing Activities</b>		<b>(3,074)</b>	<b>4,676</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings	13(a)	(1,337)	(229)
<b>Net Cash Flows from Financing Activities</b>		<b>(1,337)</b>	<b>(229)</b>
<b>Net Increase/(Decrease) in Cash</b>		<b>(1,279)</b>	<b>5,323</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>		<b>7,221</b>	<b>1,898</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	8	<b>5,942</b>	<b>7,221</b>

The accompanying notes form part of these statements

## Notes

accompanying and forming part of the Financial Statements  
for the period ended 30 June 2016

### 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 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".

The financial statements for the year ended 30 June 2016 have been authorised for issue by the Board on 30 September 2016.

#### (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 2016, the Authority's current assets exceeded its current liabilities by \$6.0m (\$8.4m in 2015).

Management and Board assert 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 Department of Finance, Services & Innovation (DFSI) 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 Department of Finance, Services & Innovation (DFSI). The Department is not a Special Purpose Service Entity and does not control the Authority under this arrangement.

#### (f) Borrowing Costs

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

#### (g) Insurance

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

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

**(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) Assets****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.

**ii. Capitalisation Thresholds**

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

**iii. 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 10 and Note 11 for further information regarding fair value.

Revaluations shall be made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

The Authority adopted the "Use of sampling in asset valuation" method to determine the fair value of its land and buildings. This method is outlined in Appendix B of TPP14-01 "Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value" that was issued by Treasury in February 2014. A methodology was implemented where assets are grouped based on Local Government Areas, the type of residence and the construction material, and a residence or a subset of residences is then selected from each Group.

The Authority conducts a comprehensive rolling revaluation over every three years for its land and buildings by revaluing a sample of properties each year and projecting the movement in the sample to the entire portfolio every year. Samples are reviewed each year to ensure they adequately represent the remaining assets in the respective group. The sampling exercise is summarized in the table below.

Sample No.	Year 1	Year 2	Year 3
Sample 1 (Base)	>12%	>12%	>12%
Sample 2	>7%		
Sample 3		>7%	
Sample 4			>7%
New Supply (est.)	1%–3%	1%–3%	1%–3%
Estimated percent pa	>20%	>20%	>20%

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

The last comprehensive revaluation was completed on 28th February 2016 with an effective date as at 31st March 2016 and was based on an independent assessment.

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.

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.

### iv. 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.

### v. 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.

The rates determined for the 2016 financial year are:

- i) Buildings 2.0% or over remaining useful lives
- ii) Office Furniture and Equipment 33.33%

### (j) 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.

### (k) 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.

### (l) 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 2016

**(m) 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.

**(n) 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.

**(o) 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.

**(p) 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 11 and Note 17 for further disclosure regarding fair value measurements of financial and non-financial assets.

**(q) Equity and reserves****(i) Revaluation reserve**

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(i).

**(ii) Accumulated Funds**

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

**(iii) Separate reserve accounts**

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 reserve and foreign currency translation reserve).

**(r) 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.

**(s) Changes in accounting policy, including new or revised Australian Accounting Standards****(i) Effective for the first time in 2015–16**

The accounting policies applied in 2015–2016 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 2015–2016:

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

- AASB 2013–9 (Part C), AASB 2014–1 (Part E) and AASB 2014–8 regarding amendments to AASB 9 *Financial Instruments*
- AASB 2015–3 regarding withdrawal of AASB 1031 *Materiality*

The above standards have all been fully compiled into their respective standards, with the exception of AASB 2014–1 (Part E).

The application of these Standards did not have any material impact on the Authority's financial statements.

### (ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise. There are a number of recently issued or amended Australian Accounting Standards which are not yet effective and have not been adopted for the reporting period ending 30 June 2016. The following Standards are relevant to the Authority:

- AASB 9 and AASB 2014–7 regarding financial instruments
- AASB 14 and AASB 2014–1(Part D) regarding Regulatory Deferral Accounts
- AASB 15, AASB 2014–5 and AASB 2015–8 regarding Revenue from Contracts with Customers
- AASB 1056 *Superannuation Entities*
- AASB 1057 and AASB 2015–9 *Application of Australian Accounting Standards*
- AASB 2014–4 regarding acceptable methods of depreciation and amortisation
- AASB 2014–6 regarding bearer plants
- AASB 2014–9 regarding equity method in separate financial statements
- AASB 2015–1 regarding annual improvements to Australian Accounting Standards 2012–2014 cycle
- AASB 2015–2 regarding amendments to AASB 101 (disclosure initiative)
- AASB 2015–6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 2015–7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*

The Authority does not expect any material impact on the financial statements in the period of initial application of these Standards.

## 2. Rental Revenue

	2016 \$'000	2015 \$'000
<b>Rental Income comprise:</b>		
Gross Rental Income	10,551	10,335
<b>Total Rental Income</b>	<b>10,551</b>	<b>10,335</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.

	2016 \$'000	2015 \$'000
<b>State Government Contribution comprise:</b>		
Grant from Department of Finance, Services & Innovation	5,868	5,725
<b>Total State Government Contribution</b>	<b>5,868</b>	<b>5,725</b>

## 4. Property Maintenance

	2016 \$'000	2015 \$'000
<b>Property Maintenance Expenses comprise:</b>		
Plumbing	473	514
Electrical	295	308
General Maintenance	1,405	559
Ground/ Yard Maintenance	1,020	1,006
Air Cooling Installation and Maintenance	453	608
Air Conditioners & Fans	98	10
Furnishings, Fixtures and Fittings	664	724
Property Refurbishment	2,233	3,531
Other Maintenance	–	294
<b>Total Property Maintenance Expenses</b>	<b>6,641</b>	<b>7,554</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

## 5. Property Rates

Property Rates comprise:	2016 \$'000	2015 \$'000
Annual Rates	1,548	1,527
Water Rates	728	547
Other	66	71
<b>Total Property Rates</b>	<b>2,342</b>	<b>2,145</b>

## 6. Personnel Services

Personnel services are acquired from the Department of Finance, Services & Innovation comprise of:

Personnel Services comprise:	2016 \$'000	2015 \$'000
Salaries and Wages	1,527	1,429
Recreation Leave	112	104
Long Service Leave	61	25
Superannuation	97	(83)
<b>Total</b>	<b>1,797</b>	<b>1,475</b>
Other Personnel Services Expense	332	278
<b>Total Personnel Services Expense</b>	<b>2,129</b>	<b>1,753</b>

## 7. Other Administration Expenses

Other Administration Expenses comprise:	2016 \$'000	2015 \$'000
Consultants	64	129
Office Lease Expense	186	197
Insurance	376	423
Property Valuations	165	449
Property Management Fees	849	885
IT Costs	597	167
Travel Expenses	70	77
Admin Cost – Outsourcing	636	621
Other General Administration	217	323
<b>Total Other Administration Expenses</b>	<b>3,160</b>	<b>3,271</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

## 8. Cash and Cash Equivalents

	2016 \$'000	2015 \$'000
<b>Cash and Cash Equivalents comprise:</b>		
Cash on Hand	1	1
Cash at Bank	5,941	7,220
<b>Total Cash and Cash Equivalents at 30 June</b>	<b>5,942</b>	<b>7,221</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:

	2016 \$'000	2015 \$'000
Cash and cash equivalents per statement of financial position	5,942	7,221
<b>Cash and cash equivalents per statement of cash flows</b>	<b>5,942</b>	<b>7,221</b>

Refer to Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

## 9. Receivables

	2016 \$'000	2015 \$'000
<b>Receivables comprise:</b>		
<b>Current:</b>		
Rental Debtors	77	111
Allowance for Impairment <sup>[Note 9(a)]</sup>	(12)	(25)
Tenancy Liaison Service Agent Advances	236	243
Prepayment	2	5
Other Debtors	1	2
<b>Total Receivables</b>	<b>304</b>	<b>336</b>

### (a) Allowance for Impairment

	2016 \$'000	2015 \$'000
<b>Allowance for Impairment – movement</b>		
Opening Allowance at 1 July	25	20
Debts Written Off <sup>[Note 15]</sup>	(16)	3
New Allowance Transferred In/(Out)	3	2
<b>Closing Allowance at 30 June</b>	<b>12</b>	<b>25</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 17.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

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

### (a) Movement – '000

	Land and Buildings	Land and Buildings held for sale <sup>(1)</sup>	Office Furniture and Equipment	2016 Total \$'000
<b>At Fair Value</b>				
Net Carrying Amount at 1 July 2015	161,255	2,260	–	163,515
Assets Under Construction	(1,534)	–	–	(1,534)
Additions	6,260	–	6	6,266
Disposals	(271)	(1,347)	–	(1,618)
Transfers – Assets For Sale	(281)	281	–	–
Net Revaluation Increments/ (Decrements)	2,524	–	–	2,524
Depreciation Expenses	(5,251)	–	(1)	(5,252)
<b>Fair Value at 30 June 2016</b>	<b>162,702</b>	<b>1,194</b>	<b>5</b>	<b>163,901</b>

### (a) Movement – '000

	Land and Buildings	Land and Buildings held for sale <sup>(1)</sup>	Office Furniture and 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 2016

**(a) Movement – ‘000**

	Land and Buildings	Land and Buildings held for sale <sup>(1)</sup>	Office Furniture and Equipment	2016 Total \$'000
Gross Carrying Amount 30 June 2016	164,531	1,194	6	165,731
Accumulated Depreciation	(1,829)	–	(1)	(1,830)
<b>Fair Value</b>	<b>162,702</b>	<b>1,194</b>	<b>5</b>	<b>163,901</b>
				<b>2015</b>
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>

(1) Land & Buildings held for sale are disclosed separately for reporting period June 2016 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.

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

These assets are expected to be realised by 30 June 2017.

A physical valuation was completed by an independent valuer on 28th February 2016 with values effective from 31st March 2016. For further details regarding the fair value measurement of property, plant and equipment refer to Note 1(i)(iii) *Revaluation of Property, Plant and Equipment* on page 39.

**(b) Disposals \$'000**

	2016 \$'000	2015 \$'000
Gross Proceeds	1,729	4,069
Written Down Value	(1,618)	(3,780)
Disposal Costs	(72)	(211)
<b>Loss on Disposal</b>	<b>39</b>	<b>78</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

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

### Fair value hierarchy

2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>Property, plant and equipment</b>				
Land and buildings		162,702	–	162,702
<b>Non-current assets (or disposal groups) held for sale</b>				
Land and buildings	–	1,194	–	1,194
<b>TOTAL</b>	<b>–</b>	<b>163,896</b>	<b>–</b>	<b>163,896</b>

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>

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

## 12. Payables

Payables comprise:	2016 \$'000	2015 \$'000
Payable to DFSI	–	531
Prepayments by Tenants	30	33
Other Creditors and Accruals	1,448	707
<b>Total Payables</b>	<b>1,478</b>	<b>1,271</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

## 13. Borrowings

Borrowings comprise:	2016 \$'000	2015 \$'000
TCorp Loan (Current Liability)	–	164
TCorp Loan (Non-Current Liability)	–	1,173
<b>Total Borrowings</b>	<b>–</b>	<b>1,337</b>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 17.

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

**(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 2015–16 the Authority paid TCorp loan principal \$1.337m and interest \$0.191m.

**14. Commitments**

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

**(a) Operating Lease Commitments**

The Authority entered into an Occupation Agreement with DFSI over a period of 5 years commencing 1 April 2011. The lease has expired on 1 April 2016 and no new agreement has been entered as at 30 June 2016.

	2016 \$'000	2015 \$'000
<b>Office Lease Commitments</b>		
Payable within one year	–	186
<b>Total Office Lease Commitments</b>	<b>–</b>	<b>186</b>

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

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

	2016 \$'000	2015 \$'000
<b>Property Maintenance Commitments</b>		
Payable within one year	666	–
<b>Total Property Maintenance Commitments</b>	<b>666</b>	<b>–</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:

	2016 \$'000	2015 \$'000
<b>Capital Commitments</b>		
Payable within one year	10	–
Payable between two years	7	–
<b>Total Capital Commitments</b>	<b>17</b>	<b>–</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

## 15. Debts Written Off

Debts Written Off Comprise:	2016 \$'000	2015 \$'000
Uncollectable rental account debts <sup>[Note 9(a)]</sup>	16	11
<b>Total Debts Written Off</b>	<b>16</b>	<b>11</b>

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

## 16. Reconciliation of Net Cash Flow from Operating Activities to Operating Deficit

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

Reconciliation of Cash Flow from Operating Activities to Net result as reported in the Statement of Comprehensive Income	2016 \$'000	2015 \$'000
<b>Net result</b>	<b>(2,454)</b>	<b>(3,192)</b>
<b>Non Cash Expenses/(Revenues):</b>		
Depreciation	5,252	5,366
Loss/(Gain) on Disposal of Non-Current Assets	(39)	(78)
Borrowing Costs – TCorp Loan	134	95
<b>Changes in Operating Assets and Liabilities:</b>		
Increase/(Decrease) in Payables and other liabilities	207	(590)
Decrease/(Increase) in Receivables	32	208
Increase/(Decrease) in Provisions	–	(933)
<b>Net Cash inflow/(outflow) from Operating Activities</b>	<b>3,132</b>	<b>876</b>

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

## 17. 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 on a regular basis.

### (a) Financial Instrument Categories

Financial Assets			Carrying Amount	
Class:	Note	Category	2016 \$'000	2015 \$'000
Cash and cash equivalents	8	Not Applicable	5,942	7,221
Receivables <sup>(1)</sup>	9	Loans and Receivables (at amortised cost)	304	336
Payables <sup>(2)</sup>	12	Financial liabilities measured at amortised cost	1,478	740
Borrowings	13	Financial liabilities measured at amortised cost	–	1,337

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.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

### 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.

### Receivables – trade debtors

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

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016:Nil; 2015: Nil) are not considered impaired. Debtors that are more than 2 months past due (2016:\$15k; 2015:\$3k) are considered impaired and together these represent 19% 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 2016 (\$'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	72	65	7
3 months – 6 months overdue	–	–	–
> 6 months overdue	5	–	5
<b>2015 (\$'000)</b>			
1 month – 3 months overdue	6	6	–
3 months – 6 months overdue	21	–	21
> 6 months overdue	–	–	–

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

(2) The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 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.

## Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

**(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 year, 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.

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

	Weighted Average Effective Interest Rate	Nominal Amount <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
<b>2016</b>								
Payables:	–	1,478	–	–	1,478	–	–	–
Borrowings:	–	–	–	–	–	–	–	–
<b>2015</b>								
Payables:	–	740	–	–	740	–	–	–
Borrowings:	4.98%	1,337	262	–	–	164	743	430

## 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.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

**(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 has no exposure to market risk. 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 as for 2015. The analysis assumes that all other variables remain constant.

**(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%		+1%	
		Result	Equity	Result	Equity
<b>2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	5,942	(59)	(59)	59	59
Receivables	304	-	-	-	-
<b>Financial liabilities</b>					
Payables	1,478	-	-	-	-
Borrowings	-	-	-	-	-
<b>2015</b>					
<b>Financial assets</b>					
Cash and cash equivalents	7,221	(72)	(72)	72	72
Receivables	336	-	-	-	-
<b>Financial liabilities</b>					
Payables	740	-	-	-	-
Borrowings	1,337	-	-	-	-

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2016

#### (f) Fair Value compared to carrying amount

Financial instruments are generally recognised at cost.

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:

	2016 \$'000 Carrying Amount	2016 \$'000 Value Level	2016 Fair Value Level	2015 \$'000 Carrying Amount	2015 \$'000 Value Level	2015 Fair Value Level
<b>Financial assets</b>						
Cash and Cash Equivalents	5,942	5,942	Level 2	7,221	7,221	Level 2
Receivables	304	304	Level 2	336	336	Level 2
<b>Financial liabilities</b>						
Payables	1,478	1,478	Level 2	740	740	Level 2
Borrowings	–	–	Level 2	1,337	1,337	Level 2

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

#### 18. Contingent Liabilities and Contingent Assets

The Authority is unaware of any significant contingent liabilities or contingent assets as at 30 June 2016 (nil in June 2015).

#### 19. After Balance Date Events

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

End of Audited Financial Statements

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# Access to Services

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Level 18, 2–24 Rawson Place  
Sydney NSW 2000

## Postal Address

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Haymarket NSW 1240

## Key Telephone Numbers

Switchboard	(02) 8276 8000
Toll Free	1300 137 343
General Manager	(02) 8276 8001
Finance Manager	(02) 8276 8020
Financial Accountant	(02) 8276 8022
Executive Officer	(02) 8276 8004
Manager Tenancy Services	(02) 8276 8011
Asset Manager	(02) 8276 8030
Communications Project Officer	(02) 8276 8003

## Tenancy Service Areas

Northern NSW & Illawarra	(02) 8276 8014
Riverina	(02) 8276 8013
Central Western	(02) 8276 8015
North Western (Bourke/Orange)	(02) 8276 8012

## Building Services (Assets)

Technical Officer (North)	(02) 8276 8031
Technical Officer (South)	(02) 8276 8032
Contracts Administration Officer	(02) 8276 8033
Maintenance Officer (responsive)	(02) 8276 8034

## General Inquiries

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**Website:** [www.tha.nsw.gov.au](http://www.tha.nsw.gov.au)

## 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)**



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Housing

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