



TEACHER HOUSING AUTHORITY OF NEW SOUTH WALES

# annual report 2005-06

supporting education through a quality housing service



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

Dear Minister

On behalf of the Teacher Housing Authority of New South Wales (THA), we take pleasure in presenting the following report on the THA's activities for the year ending 30 June 2006 for tabling in Parliament.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the regulations thereunder. It also includes financial statements as required under the Public Finance and Audit Act 1983 as amended.

Yours sincerely,



Beryl Jamieson  
**Chair**

30 October 2006



Craig de Plater  
**General Manager**

## MISSION

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

## VISION

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

The THAs key result areas are:

- » Tenancy Management
- » Asset Management
- » Financial Management
- » Operational Management

## GOALS

The THAs goals are to provide a:

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

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# CHARTER

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

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

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

## ACHIEVEMENTS IN 2005-06

- » Completed construction or acquisition of 15 dwellings
- » Commenced construction of 10 dwellings
- » Undertook major refurbishment of 75 dwellings
- » Converted 25 villa unit carports into lockable garages
- » Established 657 tenancies
- » Reviewed a number of policies and operational documents
- » Developed a five year Business Plan and Statement of Business Intent
- » Developed a Total Asset Management Strategy
- » Convened a conference for local housing representatives
- » Undertook a survey of all teacher tenants
- » Developed a Performance Management System for staff

## FOCUS FOR 2006-07

In 2006-07, the THA will concentrate on:

- » implementing a capital program that is cost effective and responsive to the demand for teacher accommodation throughout the State;
- » undertaking major refurbishment of dwellings (with particular emphasis on school residences), so that tenants' expectations in relation to standards of accommodation are met;
- » ensuring the provision of effective tenancy management services; and
- » maintaining financial management strategies that ensure the continued viability of the THA.



Villa units (2 x 1 bedroom and 1 x 2 bedrooms) constructed at Lake Cargelligo during the year.

## CHAIR'S REPORT

The availability of suitable housing continues to be an incentive for teachers to live and work in many rural communities. This means that the services of the THA are essential to the staffing of many schools and TAFE facilities, particularly in towns that do not support a private rental market or where the supply of suitable residential accommodation is inadequate.

Despite a number of operational challenges faced by the THA during the year relating to the availability of suitable land and increased building costs, 15 new dwellings were acquired or constructed. This was a good result and assisted the THA to satisfy the demand for additional teacher housing and to replace properties no longer suitable for use by teachers.

Local housing representatives continue to play an important role in the delivery of THA services. These representatives now operate in 57 localities throughout the State and provide valuable advice to the THA on teacher housing demand and needs.

As these teachers provide their services on a voluntary basis, it was most useful for Board members and staff of the THA to have the opportunity to meet and thank 27 of them at the tenth biennial conference of local housing representatives held in Dubbo during August 2005. In addition to this interaction, the conference provided delegates with a forum for frank and open discussion about the general operation of the housing service.

In September 2005, the Authority conducted its fourth tenant survey to gauge the effectiveness of the services provided by the THA and external agents. It is pleasing to note that the survey results indicate an overall satisfaction rating of 88% for the THA and 79% for managing agents (81% and 61% respectively in 2003).

Despite the good overall satisfaction rating, the survey identified a number of issues that the THA will need to address over the next twelve months. These issues are not systemic and relate mainly to the arrangements and procedures that apply when teachers first occupy THA dwellings.

During the year, the THA developed a new, five year, Total Asset Management (TAM) strategy. This strategy brings together in the one document a number of separate strategies and procedures relating to capital investment, asset maintenance and office accommodation.

The TAM strategy is essential in ensuring the THA addresses such issues as the replacement of dwellings no longer suitable for use by teachers, quantifying the maintenance backlog and planning the Property Refurbishment Program. The strategy will be reviewed by the THA Board each year to ensure that it remains relevant and to monitor the achievement of planned targets.

Elsewhere in this report, the work of Mike Cush as Chair of the THA Board from February 2004 until February 2006 is acknowledged. Mike's insight and excellent understanding of teacher housing and asset management issues helped guide the THA in the development of relevant and sustainable management practices and procedures.

I take this opportunity to personally thank Mike for his contribution to the work of the THA and wish him success in his new role in the private sector.

I would also like to record my appreciation for the outstanding contribution made by Graeme Smith as the Department of Education and Training member on the THA Board from April 1996 until his retirement in April 2006.

Graeme's excellent understanding of the housing needs of teachers appointed to isolated areas of the State and his commitment to the work of the THA made him a valuable Board member and a most effective representative of the Department. His knowledge, good humour and friendly manner will be greatly missed by fellow Board members.

Finally, I would like to thank each member of the THA Board for their commitment and valued support since my appointment as Chair.

I also extend my appreciation to the THA's management team and staff for their efforts, loyalty and enthusiasm. Their support and commitment to quality service ensures that teachers who live and work in rural communities will continue to have access to suitable and affordable housing.



Beryl Jamieson  
Chair

## BOARD MEMBERSHIP

The Board of the THA has six members. Four members are appointed by the Governor and two operate in an ex-officio capacity. Of the four members appointed by the Governor:

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

Appointed members serve for five years and are eligible for re-appointment. The term of office for the current appointed members expires on 31 December 2006.

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

Under the *Teacher Housing Authority Act 1975*:

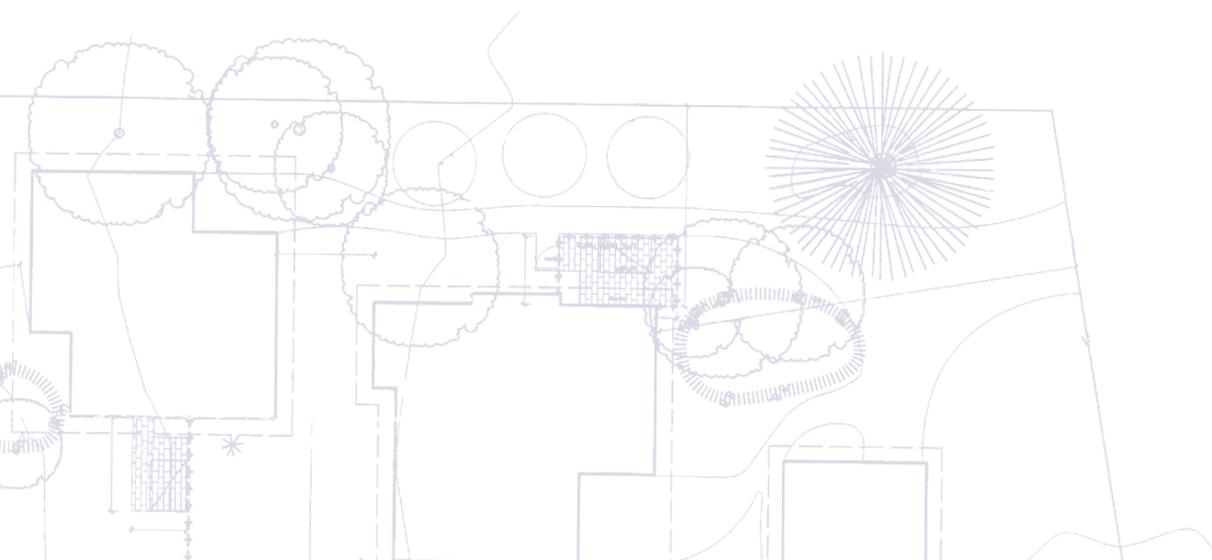
- » members are responsible for determining the policies of the THA and ensuring the activities of the Authority are carried out properly and efficiently; and
- » the General Manager controls and manages the THA's activities.

## MEETINGS

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

|  |                                  |   |
|--|----------------------------------|---|
| <b>Chair</b>                                       | Mike Cush (to February 2006)     | 4 |
| <b>Chair</b>                                       | Beryl Jamieson (from April 2006) | 2 |
| <b>Deputy Chair</b>                                | Carol Mills                      | 4 |
| <b>General Manager</b>                             | Craig de Plater                  | 6 |
| <b>Department of Education and Training Member</b> | Graeme Smith (to April 2006)     | 5 |
| <b>Teacher Member</b>                              | Jeff Ainsworth                   | 6 |
| <b>TAFE Commission Member</b>                      | Katrina Jay                      | 5 |

In order to provide members with the opportunity to inspect properties and meet with school principals and local housing representatives, the Board met in Dubbo in August 2005 (in conjunction with the local housing representatives' conference).



**CHAIR to February 2006 (part-time)**

**Mike Cush** BE MEngSc (ex-officio)

Mike was Chair from February 2004 until his resignation from the public sector in February 2006.

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

Mike moved to the Department of Public Works and Services in 1995 and then to the Department of Education and Training as General Manager, Asset Management Directorate, in 2003. In this role he was responsible for the planning, construction, maintenance and disposal of the Department's built assets (see Appreciation on page 6).

**CHAIR from April 2006 (part-time)**

**Beryl Jamieson** Dip K Teach Advanced Dip Teach MA MBA Advanced Dip Design FAICD (ex-officio)

Beryl was appointed General Manager, Asset Management, Department of Education and Training, in 2006. Between 1993 and 2006 Beryl held positions in the Departments of Education and Training and Housing, and the Home Care Service of NSW Corporate.

Previous Board positions include 10 years on the Home Care and Resitech advisory boards.

Beryl is a Fellow of the Institute of Company Directors. She has extensive experience in developing businesses using existing corporate and industry knowledge, with a focus on influencing outcomes, improving services and identifying and analysing risks and opportunities.

**DEPUTY CHAIR (part-time)**

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

Carol was appointed Deputy Chair in January 2002.

Carol took up her appointment as Deputy Director General of the Department of Ageing, Disability and Home Care in August 2004. Her responsibilities include the portfolio areas of Service Development & Planning, Community Access and the Office for Ageing.

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

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

**DEPARTMENT OF EDUCATION AND TRAINING MEMBER to April 2006 (part-time)**

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

Graeme was appointed to the Board in April 1996. Prior to his retirement from the public sector in April 2006, Graeme was Manager, Country Areas Program, Department of Education and Training, based in Bathurst. He was a teacher, school counsellor and administrator in country regions for over 28 years (see Appreciation on page 6).



Mike Cush



Beryl Jamieson



Carol Mills



Graeme Smith

**TAFE COMMISSION MEMBER (part-time)**

**Katrina Jay** BBus (Acc) Dip Ed  
**Nominee of the Managing Director of TAFE NSW**

Katrina is based in Orange and is currently Manager Performance Reporting and External Relations with the Western Institute of TAFE NSW. Prior to her appointment to this position, she held a number of managerial positions in TAFE institutes throughout western and northern NSW over a 14 year period. Katrina joined the Board in January 2002.

**TEACHER MEMBER (part-time)**

**Jeffery Ainsworth** Dip Teach  
NSW Teachers Federation Representative  
**Nominee of the Minister for Education and Training**

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

**GENERAL MANAGER (full-time)**

**Craig de Plater** BA (ex-officio)

Craig joined the THA as Operations Manager in November 1990. He was appointed General Manager in January 1993.

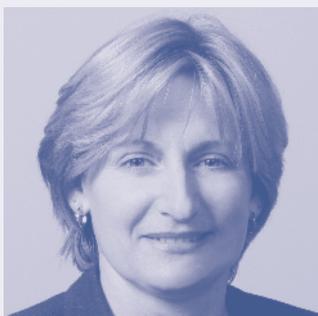
Previously with the Department of Education and Training, he has extensive administration, property and financial management experience.

**APPRECIATION**

The Board and THA staff acknowledge the significant contributions made by Mike Cush and Graeme Smith to the work of the Authority during their two year and ten year tenures on the Board.

Their respective backgrounds and experience in asset management and teaching/administration in country NSW, together with a common sense approach to dealing with housing issues for teachers in rural localities, greatly assisted the development and implementation of effective strategies and policies for the THA.

The best wishes of the Board and staff go with them into their post public sector lives.



Katrina Jay



Jeffery Ainsworth



Craig de Plater

## KEY RESULT AREAS

### TENANCY MANAGEMENT

#### RENTS

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

As an employment arrangement, primary and secondary teachers appointed to schools in six and eight transfer point locations are entitled to a rental subsidy of 70% or 90% respectively from the Department of Education and Training (DET). The THA administers the subsidy arrangement on behalf of the DET for teachers living in Authority residences.

The principals of some remote schools can include reduced rental costs of up to 100% in incentive packages negotiated with the DET under the Rural School Leadership Plan. The DET pays the agreed percentage of the market rent direct to the THA with the tenant paying the remainder (if applicable) by salary deduction.

Under a contractual arrangement, the Australian Valuation Office (AVO) reviews rents on behalf of the THA each year. Following the review in respect of rents to apply from 1 May 2006, the AVO recommended no change for 70.3% of tenants, while 0.2% received a rental reduction. The remaining 29.5% experienced a rental increase. To meet the legislative requirements regarding formal notice periods to tenants, the proposed increases will not take effect until 3 July 2006.

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

#### RENTAL BONDS

The payment of a rental bond by teachers was implemented as policy in May 2005, subject to review 12 months after implementation.

At the end of April 2006, 47% of teachers had paid a bond. Of these, 63% paid in a lump sum and 37% paid the bond by instalments.

As there was little negative feedback about the policy in the first 12 months, it is apparent that payment of a rental bond has been largely accepted by teachers.

The THA was pleased to note an appreciable positive attitudinal change in the way teachers left dwellings when they vacated the premises. This was reflected in the relatively small number of instances where tenant charges were claimed from the bond and the low dollar value of those charges.

Following the post implementation review, the Board confirmed the policy is meeting its objective and should remain in place.

#### DEBT MANAGEMENT

In October 2005, the Board endorsed the THA's Debt Management Policy and Procedures. The policy focuses on minimising debt owed to the THA and adopting a risk management approach to recovering debt. It was developed taking into account relevant legislation, together with requirements outlined in the Treasurer's Directions.

The THA utilises the services of a private sector debt recovery agent under a contractual arrangement.

#### LOCAL HOUSING REPRESENTATIVES

Local housing representatives play an important liaison role between the THA and tenants. They operate in 57 localities throughout NSW. Their functions include:

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

In August 2005 the THA convened the tenth biennial conference in Dubbo for local housing representatives. Twenty-seven representatives from throughout the State, together with THA Board members and staff and country organisers from the NSW Teachers Federation attended the conference.

The conference covered a number of topics including the role of local managing agents, rental determination, maintenance of dwellings, and allocation of housing. Feedback from participants was very positive.

To assist the representatives in carrying out their role in the local communities, the THA developed an "Information Kit" which includes a summary of responsibilities, a copy of the housing allocation policy and copies of common use forms relating to THA business. The kit is provided to all representatives on their appointment to the position.

#### TENANCY LIAISON SERVICE

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

The THA has 98 management agreements with local agents, encompassing 1471 dwellings (98% of the housing stock).

Management reviews of 39 TLS agents were undertaken during the year. The review encompassed a check of tenancy documentation held in the THA office, a sample of tenant survey responses and a visit to the agent's offices by an Authority representative. While procedural improvements were identified in respect of each agent, the reviews confirmed that the agents were generally providing a satisfactory service.

#### TENANT SURVEY

In September 2005 the Authority undertook a survey of all teacher tenants to gauge the effectiveness of the services provided by the THA and its managing agents. The Authority also took the opportunity to canvass opinions about the THA's Pets and Animals Policy.

In terms of overall satisfaction, 88% of respondents rated the THA as "terrific – satisfactory", while 79% gave the same rating to their managing agent. It was pleasing to note an increase in the level of satisfaction (up from 81% and 61% respectively) since the last survey undertaken in 2003.

The Authority analysed the survey responses and noted that concerns expressed by tenants generally related to "one off" issues with individual properties, rather than reflecting fundamental problems with the THA's policies and procedures.

A clear majority of respondents expressed the view that pets should be allowed on THA properties. Consequently, the Board confirmed that the Pets and Animals Policy should remain unchanged.

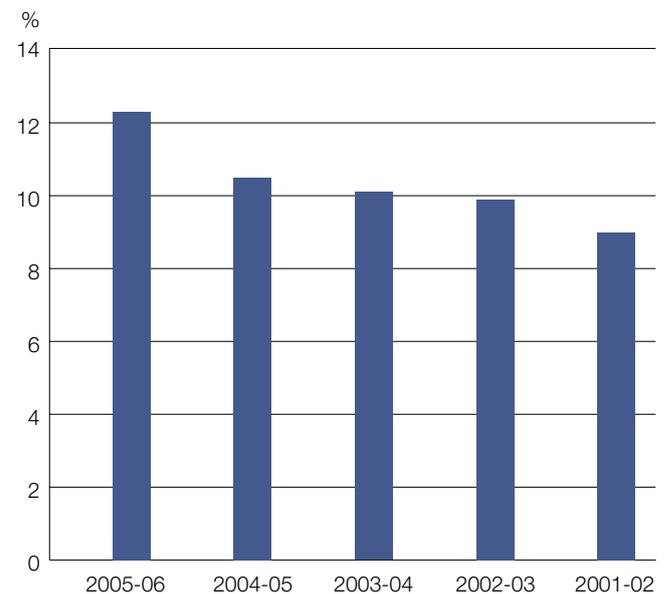
#### VACANCY RATE

The annual dwelling vacancy rate averaged 12.25%. However, this figure was inflated by factors such as:

- » the large number of teachers who transferred from schools and vacated their dwelling over the summer vacation (the vacancy rate in January 2006 was 18.29%);
- » the difficulty in attracting good tenants to school residences that are not required by teaching staff and are situated in isolated localities;
- » the need to leave some dwellings vacant pending disposal action; and
- » the number of dwellings that are held vacant for teachers (sometimes for lengthy periods), following advice from the Department of Education and Training that an appointment to a school in the locality is imminent.

To offset these factors, the THA encourages managing agents to actively seek private tenants for dwellings not required by teachers. The graph below compares the average annual vacancy rate between 2005-06 and 2001-02.

#### AVERAGE ANNUAL VACANCY RATE



#### MARKETING THA SERVICES

As part of the strategy to raise the awareness of potential tenants to the services provided by the THA, the Manager Planning and Liaison made a presentation to graduating students from the teaching faculty at the University of Newcastle in March 2006.

The Director Business Operations also presented a session to a Beginning Teachers Conference in Lightning Ridge, organised by the NSW Teachers Federation during May 2006.

#### HOUSING DEMAND

During the year the THA met most demand for housing by teachers. While at April 2006 there were 113 unsatisfied applications for housing, 39% were from teachers who reside in private accommodation in the town they teach. A further 12% were already housed in THA accommodation and wished to relocate to another THA dwelling in the town.

In addition, 33% indicated they are not willing to share accommodation. Consequently, in terms of the Authority's allocation policy, their chance of securing a THA dwelling is diminished.

## ASSET MANAGEMENT

### TOTAL ASSET MANAGEMENT STRATEGY

The strategies and procedures developed by the THA relating to capital investment, asset maintenance and office accommodation have previously been documented, but never presented in a consolidated form.

During the year, the THA developed a five year Total Asset Management (TAM) strategy. This strategy outlines proposals to:

- » commit funds to replacing dwellings that have reached the end of their economical useful life from 2007-08 (in anticipation of the demand for additional accommodation beginning to plateau);
- » quantify the extent of the THA's maintenance backlog;
- » provide additional funding for the refurbishment of school residences to account for the average age of such dwellings (59 years compared to 18 years for THA owned properties); and
- » bring forward the planning and dwelling inspection cycle for the Property Refurbishment Program to maximise the opportunities for meeting program targets.

The Board endorsed the TAM Strategy at its June 2006 meeting.

### CONSTRUCTION AND ACQUISITION OF DWELLINGS

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

During the year, three houses and 12 villa units were constructed or acquired (see list at Appendix 1 on page 28). Works in progress at the end of the year included 10 villa units (see list at Appendix 2 on page 28).

At 30 June 2006 the THA's portfolio consisted of 1536 properties, comprising 823 houses (including 272 school residences), 678 villa units and 35 vacant allotments.

### LAND PURCHASES

The THA purchased allotments of vacant land in Bourke and Hay at a total cost of \$78,256.

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



Villa unit at  
Lake Cargelligo  
constructed  
during the year.

### HERITAGE ASSETS

The THA maintains a Heritage and Conservation Register which identifies three Authority owned dwellings at Dalgety, Merriwa and Gulgong with local heritage significance. Each of these dwellings is in good condition and is noted in the THA's asset system as a heritage property requiring management in accordance with heritage principles.

As mentioned elsewhere in this report, the THA also manages school residences owned by the Department of Education and Training (DET). It is understood that the DET is currently assessing these dwellings to determine if they have heritage significance. The THA is liaising with the Department on this project to ensure that any identified property is managed having regard for its heritage significance.

The THA is currently preparing a Heritage Asset Management Strategy in accordance with the *Heritage Act 1977* and Heritage Office guidelines. It is proposed to seek Heritage Office endorsement to the strategy by November 2006.

### PROJECT MANAGEMENT

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

The THA has developed a PCM Manual to facilitate consistency in documentation and outline service expectations. This manual is provided to PCMs in electronic form.

### REFURBISHMENT AND MAINTENANCE

Programmed refurbishment remains a key strategy in providing a good standard of accommodation for teachers. Major refurbishment was undertaken on 75 dwellings at a cost of \$2.344m.

This was also the third year of a five year program to convert existing villa unit carports to garages in a number of localities identified as high security risk areas. Work was completed on 20 dwellings in Lightning Ridge and five dwellings in Goodooga at a cost of \$282,723.

Local real estate agents are engaged to arrange contingent maintenance and repairs to THA dwellings. During the year, expenditure of \$3.092m was incurred on contingent maintenance items.

### SECURITY AND AIR COOLING SYSTEMS – SERVICING CONTRACTS

In May 2006, three year contracts were signed for the regular servicing of security systems and air cooling systems in THA dwellings. The contracts divide the state into three areas for security systems and five areas for air cooling systems.



Deepwater School  
Residence refurbished  
during the year.

### ASSET DISPOSAL

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

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

The budget for asset sales this year was \$450,000 and the gross proceeds for the two properties sold amounted to \$528,500. All proceeds from asset sales are directed to the THA's Capital Program.

Details relating to the location of each property sold, together with the contract prices are shown at Appendix 3 on page 28.

### SCHOOL RESIDENCES – RETURN OF ADMINISTRATION

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

At the request of the DET, the THA returns administration of such residences to the Department for disposal, demolition or non residential use.

During the year, the THA returned the following nine residences to the Department's administration:

- » Avoca
- » Baradine
- » Carroll
- » Central Mangrove
- » Douglas Park
- » Macdonald Valley
- » Redhead
- » Sackville North
- » Wisemans Ferry

### HOME OWNER WARRANTY INSURANCE

The THA is exempt from the home owner warranty insurance provisions of the *Home Building Act 1989*. This exemption was approved by the Minister for Commerce in August 2005.

## FINANCIAL MANAGEMENT

### OVERVIEW

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

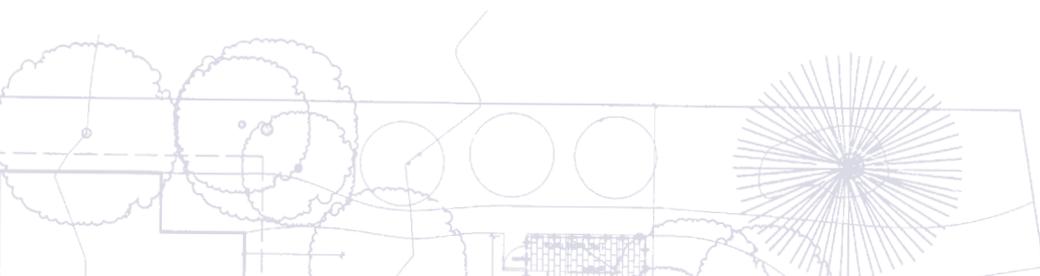
The THA continued to pursue financial management strategies to maintain its financial viability. These strategies include:

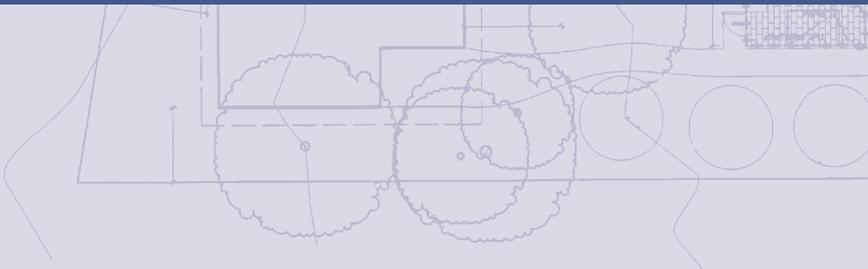
- » an annual State Government contribution;
- » financing the THA's Capital Program from asset sale proceeds and operating income, thereby alleviating the need to undertake further borrowings; and
- » maintaining programs which systematically improve the quality and standard of housing, thereby minimising operating costs and maximising rental income.

The table below provides an overview of the key financial performance results for 2005-06 with comparisons to the four previous financial years.

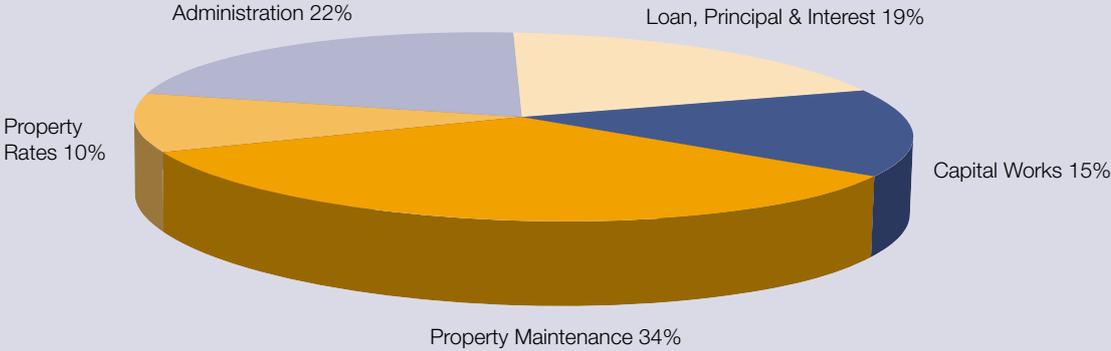
| Key Financial Results                | 2005-06<br>\$'000 | 2004-05<br>\$'000 | 2003-04<br>\$'000 | 2002-03<br>\$'000 | 2001-02<br>\$'000 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Financial Performance</b>         |                   |                   |                   |                   |                   |
| Revenue                              | 14,397            | 13,650            | 14,444            | 14,585            | 14,573            |
| Expenses                             | 12,790            | 12,308            | 12,526            | 11,496            | 10,063            |
| <b>Operating Result</b>              | <b>1,607</b>      | <b>1,342</b>      | <b>1,918</b>      | <b>3,089</b>      | <b>4,510</b>      |
| <b>Included in Operating Result:</b> |                   |                   |                   |                   |                   |
| State Government Contribution        | 4,876             | 4,700             | 5,700             | 6,300             | 6,300             |
| Borrowing Costs                      | 117               | 273               | 414               | 657               | 1,070             |
| <b>Financial Position</b>            |                   |                   |                   |                   |                   |
| Assets                               | 116,330           | 118,924           | 118,083           | 84,772            | 85,694            |
| Liabilities                          | 1,714             | 4,544             | 3,783             | 7,111             | 10,739            |
| <b>Net Assets</b>                    | <b>114,616</b>    | <b>114,380</b>    | <b>114,300</b>    | <b>77,661</b>     | <b>74,955</b>     |
| <b>Financial Analysis</b>            |                   |                   |                   |                   |                   |
| Current Ratio                        | 2.4:1             | 1.08:1            | 4.6:1             | 1.5:1             | 1.6:1             |
| Total Debt to Total Assets           | 1.5%              | 3.8%              | 3.2%              | 8.4%              | 12.5%             |
| Total Assets to Equity               | 101.5%            | 104.0%            | 103.3%            | 109.2%            | 114.3%            |
| Return on Assets                     | 1.4%              | 2.0%              | 3.3%              | 4.0%              | 3.3%              |
| Return on Assets (Underlying)        | -2.7%             | -2.8%             | -2.3%             | -2.0%             | -1.8%             |

The charts opposite illustrate 2005-06 expenditure dissection and expenditure comparison by major categories.

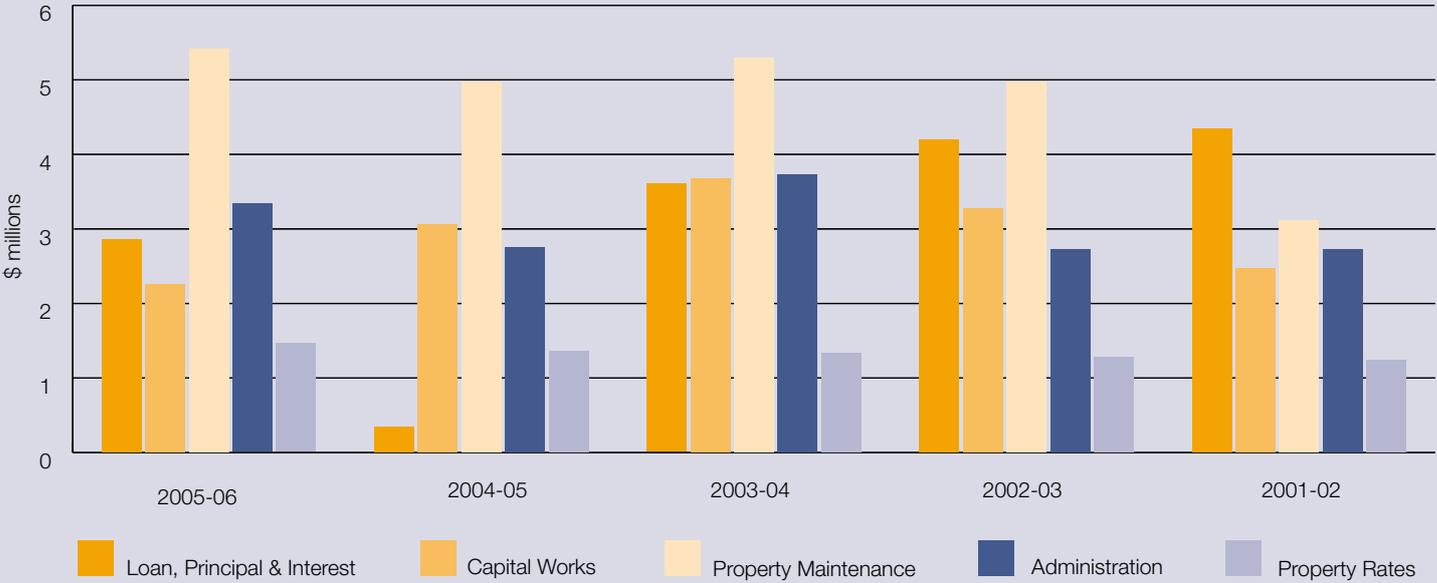




2005-06 EXPENDITURE DISSECTION (TOTAL CASH OUTLAY – \$15.3M)



EXPENDITURE COMPARISON BY MAJOR CATEGORIES



### FINANCIAL PERFORMANCE SUMMARY

The 2005-06 performance results for Management Operations, the THA Capital Program and the School Residence Refurbishment Program are detailed below and on pages 15 and 16. The 2005-06 budgets were approved by the Board in August 2005 with no major revisions during the year.

### MANAGEMENT OPERATIONS

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

The THA recorded an operating surplus of \$1.607m for 2005-06 which was \$0.537m greater than budget. After excluding non-cash items and movements in operating debtors and creditors, the surplus converted to a net operating cash inflow of \$3.744m. This inflow was \$0.108m more than projected and due largely to the expenditure shortfall in Personnel Services Expenses and Property Refurbishment Program (refer Movement in Cash Reserves on page 16).

Operating revenue totalled \$14.396m which was \$0.289m lower than budget. Rental income of \$8.914m was \$0.137m under budget and was due to higher than budgeted vacancy rates for the year. Income from investments totalled \$0.305m against a budget of \$0.180m. This favourable variance was derived from higher monthly cash balances and interest rate returns than initially forecast. The contribution received from the State Government totalled \$4.876m which was in accordance with the THA's budget appropriation for 2005-06. Operating expenses totalled \$12.790m which was \$0.247m lower than budget. This resulted from a combination of a positive variance in the Property Refurbishment Program and a favourable movement in the superannuation provision under Personnel Services Expenses.

Property maintenance expenses were \$0.114m under budget. Contingent Maintenance was \$0.242m over budget with the most significant increases occurring in furnishings, ground and plumbing expenses. In aggregate, these items were \$0.410m over budget while expenditure on air cooling and general maintenance was less than budget by \$0.170m.

Property Refurbishment Program (PRP) expenditure totalled \$2.344m against a budget of \$2.700m. While this is a good result against budget, a number of projects were deferred and will be included in the 2006-07 PRP budget.

### MANAGEMENT OPERATIONS

| Management Operations –<br>Performance Against Budget | 2005-06<br>Actual<br>\$'000 | 2005-06<br>Budget<br>\$'000 | 2005-06<br>Variance<br>\$'000 | 2006-07<br>Budget<br>\$'000 |
|---|-----------------------------|-----------------------------|-------------------------------|-----------------------------|
| <b>Revenue</b>  |                             |                             |                               |                             |
| Rental Income   | 8,914                       | 9,051                       | (137)                         | 9,156                       |
| State Government Contribution                         | 4,876                       | 4,876                       | 0                             | 5,056                       |
| Investment and Other Income                           | 305                         | 180                         | 125                           | 131                         |
| Personnel Services Revenue                            | 301                         | 0                           | 301                           | 0                           |
| <b>Total Operating Revenue</b>                        | <b>14,396</b>               | <b>14,107</b>               | <b>289</b>                    | <b>14,343</b>               |
| <b>Expenses</b>                                       |                             |                             |                               |                             |
| Borrowing Costs                                       | 117                         | 190                         | 73                            | 0                           |
| Property Maintenance                                  | 5,436                       | 5,550                       | 114                           | 5,950                       |
| Property Rates  | 1,434                       | 1,365                       | (69)                          | 1,438                       |
| Personnel Services Expenses                           | 1,677                       | 1,682                       | 5                             | 2,115                       |
| Other Administration Expenses                         | 1,623                       | 1,650                       | 27                            | 2,498                       |
| Loss on Asset Disposals                               | 0                           | 100                         | 100                           | 100                         |
| Depreciation  | 2,503                       | 2,500                       | (3)                           | 2,500                       |
| <b>Total Operating Expenses</b>                       | <b>12,790</b>               | <b>13,037</b>               | <b>247</b>                    | <b>14,601</b>               |
| Gain on Asset Disposals                               | 1                           | 0                           | 1                             | 0                           |
| <b>Operating Surplus/(Deficit)</b>                    | <b>1,607</b>                | <b>1,070</b>                | <b>537</b>                    | <b>(258)</b>                |

### THA CAPITAL PROGRAM

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

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

The net cash outflow (funding requirement) from the THA Capital Program totalled \$1.723m for 2005-06. This represented a decrease of \$2.277m on the budgeted outflow of \$4.000m.

Net proceeds from the sale of two properties (and one motor vehicle) totalled \$0.525m.

Expenditure on new construction and acquisition totalled \$2.165m, falling short of budget by \$2.170m. This shortfall resulted from delays in the progress of the 2005-06 program and as a consequence, an estimated \$2.000m will be carried forward into 2006-07.

### THA CAPITAL PROGRAM

| Authority Capital Program<br>Performance Against Budget | 2005-06<br>Actual<br>\$'000 | 2005-06<br>Budget<br>\$'000 | 2005-06<br>Variance<br>\$'000 | 2006-07<br>Budget<br>\$'000 |
|---|-----------------------------|-----------------------------|-------------------------------|-----------------------------|
| <b>Receipts</b>   |                             |                             |                               |                             |
| Asset Disposal Proceeds                                 | 525                         | 420                         | 105                           | 400                         |
| <b>Total Capital Receipts</b>                           | <b>525</b>                  | <b>420</b>                  | <b>105</b>                    | <b>400</b>                  |
| <b>Payments</b>   |                             |                             |                               |                             |
| New Works   | 2,165                       | 4,335                       | 2,170                         | 4,690                       |
| Other   | 83                          | 85                          | 2                             | 100                         |
| <b>Total Capital Payments</b>                           | <b>2,248</b>                | <b>4,420</b>                | <b>2,172</b>                  | <b>4,790</b>                |
| <b>Net Cash Inflow/(Outflow)</b>                        | <b>(1,723)</b>              | <b>(4,000)</b>              | <b>2,277</b>                  | <b>(4,390)</b>              |

### LAND OWNED OR OCCUPIED

The value of land owned or occupied as at 30 June 2006 was:

| Land Use                            | 2005-06<br>\$'000 | 2004-05<br>\$'000 |
|-------------------------------------|-------------------|-------------------|
| Vacant land                         | 570               | 486               |
| Residences                          | 19,062            | 19,047            |
| <b>Total Land Owned or Occupied</b> | <b>19,632</b>     | <b>19,533</b>     |

The THA revalues each class of property at least every three years and the last revaluation was completed on 30 June 2004 by an independent valuer.

#### SCHOOL RESIDENCE REFURBISHMENT PROGRAM

This program provides for the refurbishment of dwellings owned by the Department of Education and Training (DET) but managed by the THA. It is funded from an annual capital grant provided by the DET. Any balance of funds at the end of each financial year is treated by the THA as either an amount owed to, or owed by the DET [refer note 8(a) of the Financial Statements].

A capital grant of \$0.600m was received from the DET during 2005-06. Budgeted expenditure of \$0.808m included this amount, in addition to \$0.208m in unspent funds brought forward from 2004-05.

#### MOVEMENT IN CASH RESERVES

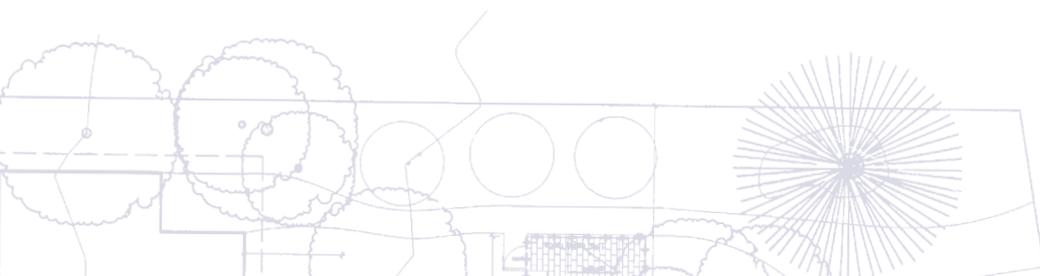
A net cash outflow of \$0.624m resulted in a closing cash balance of \$3.905m as at 30 June 2006 which was \$2.598m greater than budget. This increase resulted predominantly from the shortfall in expenditure in the THA's 2005-06 Capital Program and Management Operations and will be fully absorbed in 2006-07.

#### SCHOOL RESIDENCE REFURBISHMENT PROGRAM

| School Residence Refurbishment Program<br>Performance Against Budget | 2005-06<br>Actual<br>\$'000 | 2005-06<br>Budget<br>\$'000 | 2005-06<br>Variance<br>\$'000 | 2006-07<br>Budget<br>\$'000 |
|--|-----------------------------|-----------------------------|-------------------------------|-----------------------------|
| <b>Income</b>  |                             |                             |                               |                             |
| DET Capital Grant  | 600                         | 600                         | 0                             | 600                         |
| <b>Total Income</b>  | <b>600</b>                  | <b>600</b>                  | <b>0</b>                      | <b>600</b>                  |
| <b>Expenditure</b>   |                             |                             |                               |                             |
| School Residence Refurbishment                                       | 579                         | 808                         | 229                           | 829                         |
| <b>Total Expenditure</b>   | <b>579</b>                  | <b>808</b>                  | <b>229</b>                    | <b>829</b>                  |
| <b>Net Cash Inflow/(Outflow)</b>                                     | <b>21</b>                   | <b>(208)</b>                | <b>229</b>                    | <b>(229)</b>                |

#### MOVEMENT IN CASH RESERVES

| Movement in Cash Reserves –<br>Performance Against Budget | 2005-06<br>Actual<br>\$'000 | 2005-06<br>Budget<br>\$'000 | 2005-06<br>Variance<br>\$'000 | 2006-07<br>Budget<br>\$'000 |
|---|-----------------------------|-----------------------------|-------------------------------|-----------------------------|
| <b>Opening Cash Balance</b>                               | <b>4,529</b>                | <b>4,529</b>                | <b>0</b>                      | <b>3,905</b>                |
| <b>Cash Inflow/(Outflow) From:</b>                        |                             |                             |                               |                             |
| Management Operations                                     | 3,744                       | 3,637                       | 107                           | 2,298                       |
| Authority Capital Program                                 | (1,723)                     | (4,000)                     | 2,277                         | (4,390)                     |
| School Residence Refurbishment Program                    | 21                          | (208)                       | 229                           | (229)                       |
| Repayment of Borrowings                                   | (2,666)                     | (2,651)                     | (15)                          | 0                           |
| <b>Net Cash Inflow/(Outflow)</b>                          | <b>(624)</b>                | <b>(3,222)</b>              | <b>2,598</b>                  | <b>(2,321)</b>              |
| <b>Closing Cash Balance</b>                               | <b>3,905</b>                | <b>1,307</b>                | <b>2,598</b>                  | <b>1,584</b>                |



### THA BORROWINGS

In accordance with the THA's key financial strategies, borrowings totalling \$2.666m were repaid during the year, reducing the outstanding portfolio to nil at 30 June 2006. Borrowing costs amounted to \$0.191m in 2005-06 compared to \$0.291m in 2004-05.

### INVESTMENT PERFORMANCE

The THA's investments comprise of funds held for short term operational requirements. To enable immediate access to these funds, the NSW Treasury Corporation Hour Glass Cash Facility is used. Investments in the Cash Facility totalled \$3.812m at 30 June 2006 compared with \$4.285m at 30 June 2005. A net return of 5.68% was achieved during 2005-06 which was an increase of 0.13% from the previous year.

### ACCOUNT PAYMENT PERFORMANCE

The tables below highlight the THA's account payment performance for 2005-06. The percentage of invoices paid on time for the year totalled 98.90% (99.55% in 2004-05) which was a favourable result against the THA's benchmark of 97%. A sustained performance in excess of this benchmark is again expected in 2006-07.

### ACCOUNT PAYMENT PERFORMANCE

| Value of Invoices Paid              | 1st Quarter<br>\$'000 | 2nd Quarter<br>\$'000 | 3rd Quarter<br>\$'000 | 4th Quarter<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------|
| Paid Before Due                     | 4,714                 | 3,797                 | 2,057                 | 3,165                 | 13,733          |
| <30 days Overdue                    | 423                   | 288                   | 221                   | 1,111                 | 2,043           |
| >30<60 days Overdue                 | 0                     | 0                     | 0                     | 0                     | 0               |
| >60<90 days Overdue                 | 0                     | 0                     | 0                     | 0                     | 0               |
| >90 days Overdue                    | 0                     | 0                     | 0                     | 0                     | 0               |
| <b>Total Value of Invoices Paid</b> | <b>5,137</b>          | <b>4,085</b>          | <b>2,278</b>          | <b>4,276</b>          | <b>15,776</b>   |

| Number of Invoices Paid        | 1st Quarter   | 2nd Quarter   | 3rd Quarter   | 4th Quarter   | Total         |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Number Paid                    | 4,059         | 3,078         | 3,795         | 3,709         | 14,641        |
| Number Paid on Time            | 3,979         | 3,054         | 3,761         | 3,686         | 14,480        |
| <b>Percentage Paid on Time</b> | <b>98.03%</b> | <b>99.22%</b> | <b>99.10%</b> | <b>99.38%</b> | <b>98.90%</b> |

### CREDIT CARD CERTIFICATION

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

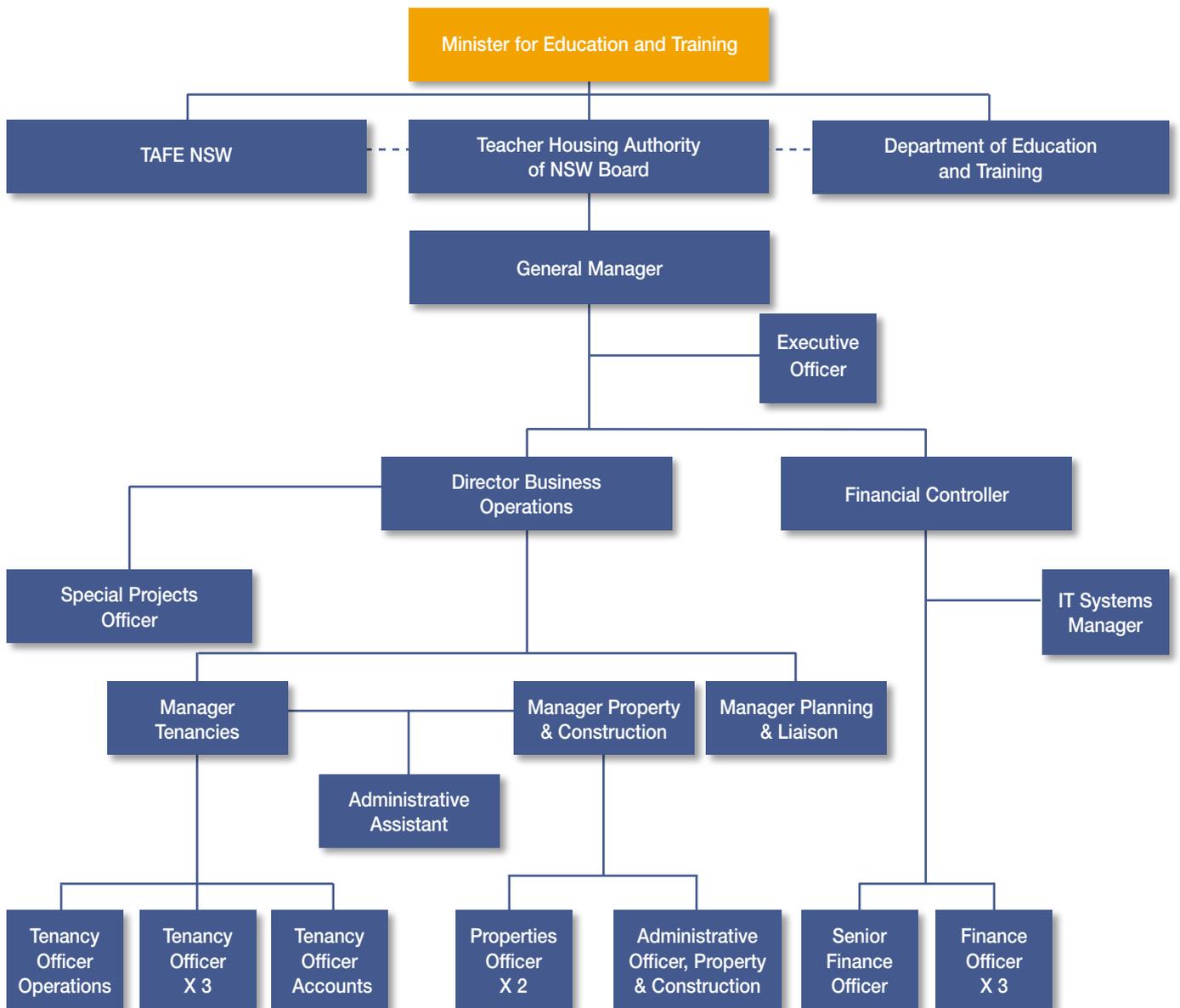
### FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS)

The THA has applied the AEIFRS for the first time in the 2005-06 financial report by adopting the options mandated by NSW Treasury for all NSW public sector agencies.

For further information on the impact of adopting AEIFRS, refer to note 18 of the audited Financial Statements on page 51 of this Report.

## OPERATIONAL MANAGEMENT

The chart hereunder outlines the THA's organisation structure and reporting lines.



## STAFFING

The NSW Government proclaimed the *Public Sector Employment Legislation Amendment Act 2006* (PSELAA) in March 2006.

Prior to proclamation of the PSELAA, the *Teacher Housing Act 1975* (THA Act) made provision for the THA to employ staff. Amendment of the THA Act cogent with proclamation of the PSELAA, removed this provision.

For many years the THA has used staff of the Department of Education and Training (DET) in its operations. The PSELAA confirmed that THA staff are employed under the *Public Sector Employment and Management Act 2002* and are considered part of the DET for the purposes of that Act.

A Memorandum of Understanding between the THA and DET formalising this arrangement will be signed early in the new reporting year.

## MANAGEMENT TEAM

There are no Senior Executive Service positions in the THA.

### Craig de Plater BA

General Manager

See page 6 for employment background. Craig was appointed as General Manager in January 1993. He reports to the Chair and Board of the THA and is responsible for managing and developing the Authority as a tenant focused organisation meeting the housing needs of teachers in NSW. He is also responsible for implementing policies determined by the Board in relation to property, tenancy and financial management.

### Ken Parker

Director Business Operations

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

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

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

### Praveen Swarup FCPA

Financial Controller

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

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

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

Back Row L-R: Ken Parker, Director Business Operations; Praveen Swarup, Financial Controller; Craig de Plater, General Manager; Neal Marks, Manager Property and Construction.

Front Row L-R: Mark Faulkner, IT Systems Manager; Neryl Wilson, Manager Planning and Liaison. Absent: Racheal Boyd, Manager Tenancies.



**Neal Marks**

Manager Property and Construction

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

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

**Racheal Boyd**

Manager Tenancies

Racheal was appointed as Manager Tenancies in May 2004. Racheal is responsible for overseeing tenancy management functions in the THA, including the allocation of housing, collection of rent and debtor control.

**Neryl Wilson Dip Teach**

Manager Planning and Liaison

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

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

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

**Mark Faulkner B. Info Tech**

IT Systems Manager

Mark was appointed as IT Systems Manager in April 2005 after having worked in the local government sector.

He is responsible for maintaining the THA's IT systems including the Local Area Network, hardware, software and peripherals (in conjunction with support from the Office of the Board of Studies).

**EXECUTIVE AND ADMINISTRATIVE SUPPORT****Beth Tamm**

A/Executive Officer

Beth is responsible for operational activities within the THA office and provides executive support to the THA Board, General Manager and Director Business Operations.

**Steve Jaques**

Special Projects Officer

Steve provides administrative support to all branches in the THA. He also assists in a range of special projects to enable the THA to meet its obligations relating to government policy initiatives and central agency requirements.



L-R: Steve Jaques,  
Special Projects  
Officer; Beth Tamm,  
A/Executive Officer.

## TENANCY BRANCH

Tenancy Officers Sharnah Harriman, Gemma Spong and Audrey Leabon are the first point of contact with the THA for prospective tenants. They are also the principal contact for existing tenants on all matters.

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

Rana Khoreiche is the Tenancy Officer Operations. She is responsible for ensuring that managing agents meet the obligations outlined in their management agreement. Rana is also responsible for coordinating the annual rental review process.

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



L-R: Rana Khoreiche,  
Tenancy Officer Operations;  
Audrey Leabon, Tenancy  
Officer South; Dee Wilson,  
Tenancy Officer Accounts;  
Sharnah Harriman,  
Tenancy Officer Central.  
Absent: Gemma Spong,  
Tenancy Officer North.

### PROPERTY AND CONSTRUCTION BRANCH

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

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

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

L-R Tiffany Johnson, Administrative Assistant; Kevin Bray, Properties Officer, South; John McGaughey, Properties Officer, North; Stuart McCulloch, Administrative Officer, Property and Construction.

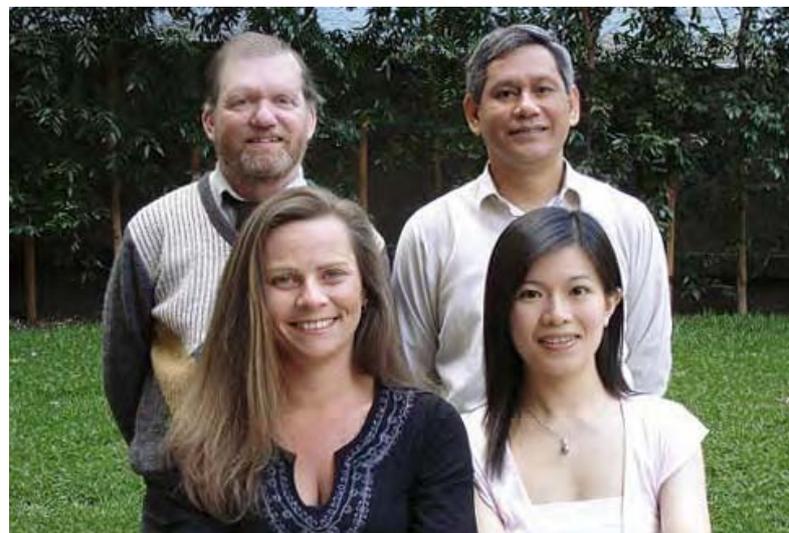


### FINANCE BRANCH

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

Finance Officers Michelle Forward, Jessie Ng and Robert Pyne prepare and check payment vouchers, process and allocate receipt remittances, reconcile various general ledger accounts and provide financial information for month end and year end reporting.

Back row L-R: Robert Pyne, Finance Officer; Khuong Duong, Senior Finance Officer. Front Row L-R: Michelle Forward, Finance Officer; Jessie Ng, Finance Officer.



## HUMAN RESOURCES

### INDUSTRIAL RELATIONS

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

### EMPLOYEE SALARIES AND ALLOWANCES

In accordance with the Crown Employees (Public Sector – Salaries 2004) Award, a salary increase of 4% effective from the first pay period after 1 July 2005 was paid to THA staff.

### STAFF DEVELOPMENT AND TRAINING

All staff are actively encouraged to undertake training to enhance their professional development and facilitate the acquisition of new work skills. Expenditure of \$6,715 was incurred on training and development during the year.

Eleven of 22 staff members undertook a diverse range of courses relating to areas such as business writing, IT applications, negotiation skills, communication, financial management and records management.

### EQUAL EMPLOYMENT OPPORTUNITY

The THA's EEO Management Plan for 2005-06 focused on improving internal communications through whole of staff meetings and circularising relevant material to all staff. The plan also included a follow up Workplace Climate Survey in May 2006.

The follow up survey revealed many positive aspects of the THA's workplace "climate", including a strong belief that the Authority provides an effective level of client service. However, further initiatives to improve internal communication will be implemented in 2006-07.

Statistical information relating to EEO is shown at Appendix 4 on page 29. The relative stability of the THA's workforce has provided little opportunity to improve representation and distribution of some EEO groups in the Authority.

A table showing THA employees by category for the reporting year and the preceding three years is shown at Appendix 5 on page 29.

### SPOKESWOMEN'S PROGRAM

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

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

### OCCUPATIONAL HEALTH AND SAFETY

During 2005-06 no injuries or other problems relating to occupational health and safety were reported.

The THA arranged and paid for HealthQuest to conduct an eyesight testing program for staff that use screen based equipment for a substantial part of their working day. No remedial action was required for any of the tested staff.

In addition, all THA staff were offered influenza vaccination prior to the 2006 winter season, with the cost being met by the Authority. Eleven staff took advantage of the offer.

### SICK LEAVE

The total sick leave taken by THA staff over the 12 month period from April 2005 to March 2006 was 113 days. The average sick leave per staff member was 5.1 days.

### EMPLOYEE ASSISTANCE PROGRAM

The THA has an agreement with OSA Group for the provision of a confidential counselling service for staff and their immediate family members experiencing personal or work related problems.

The service is available free to staff, up to a maximum of four sessions per year. Use of the program is voluntary and operates through a self referral arrangement.

### NSW PUBLIC SECTOR WORKFORCE PROFILE

As part of a Service Level Agreement for corporate services, the Office of the Board of Studies (OBOS) completed the 2005 workforce profile in respect of THA staff.

Future data collections will also be undertaken by the OBOS.

### PERFORMANCE MANAGEMENT SYSTEM

The THA developed a Performance Management System during the year which is designed to assist in monitoring and improving the performance of all staff. An "off the shelf" software program was adapted to meet the THA's needs and puts the process from planning to performance review into a 12 month cycle. The first annual appraisals of staff will be undertaken in April 2007.

### JOB EVALUATIONS

The THA engaged Mercer Human Resource Consulting to undertake job evaluations of five positions using the CED job evaluation methodology accredited by Premier's Department. Following the evaluations, the gradings for four positions were revised.

Each incumbent met the criteria outlined in Premier's Department Circular 97-35 and accepted placement in the regraded position with salary by way of allowance.

### STAFF HANDBOOK

The THA's Staff Handbook was significantly reviewed and updated in May 2006. The Handbook covers a range of issues including induction information for new employees, conditions of employment, office procedures and relevant policy documents.

It is expected the handbook will be available on the THA's intranet site early in the new reporting year.

### CODE OF CONDUCT

As part of a Fraud and Corruption Risk Assessment undertaken during the year, the THA's Code of Conduct for staff was reviewed, updated and distributed to each staff member. All staff are required to sign a copy of the Code of Conduct to acknowledge they have read the document and understand the standards of behaviour expected of them.

### GRIEVANCE RESOLUTION

The THA's Grievance Resolution Manual was revised this year. The manual commits the THA to dealing with grievances promptly, impartially, justly and confidentially.

The right of staff to seek appropriate external support and assistance to deal with any grievance has been incorporated into the manual.

The manual is an annexure to the Staff Handbook and is available to all staff.

### PROTECTED DISCLOSURES

In early 2006, the THA revised its Protected Disclosures – Internal Reporting Policy, based on a model developed by the NSW Ombudsman.

The policy establishes a system for reporting instances of corrupt conduct, maladministration or serious or substantial waste of public money by the THA or its staff.

The policy statement is an annexure to the Staff Handbook and is available to all staff.

No protected disclosures were made during 2005-06.

## CLIENT RELATIONSHIPS

### BENCHMARKING

In July 2005, the THA developed a series of benchmarks to assist in measuring the Authority's performance and identify where service provision is successful and where it can improve.

The achievement of benchmarks is reported to the Board biannually. At June 2006, 37 (70%) of the benchmarks measured in the previous six months had been achieved or were not applicable in the reporting period. Sixteen benchmarks (30%) were not achieved due mainly to the involvement of third parties in THA business. Only one of the benchmarks not achieved represented an issue requiring significant attention and this will be addressed early in the next reporting period.

The benchmarks and the associated methodology for their determination will be reviewed in August 2006.

### ETHNIC AFFAIRS PRIORITIES STATEMENT

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

These principles are implemented through:

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

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

Because of the specific nature of THA business and the associated client base, there is little opportunity to introduce new initiatives relating to multiculturalism. Thus, for the ensuing year, the THA will continue to implement the principles by the means outlined above.

### FREEDOM OF INFORMATION

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

No FOI requests were received during the year.

### PRIVACY MANAGEMENT

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

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

## OTHER ACTIVITIES

### REVIEW OF THE ACT

Apart from minor amendments to the *Teacher Housing Authority Act 1975* (the Act) under the Statute Law Revision Program, there has never been a major review of the Act since its assent in April 1975.

A review of the Act was undertaken in 2002, with recommendations for amendments presented to the Minister. For various reasons, proposals to change the Act did not proceed at that time.

The changes were considered by the current Board in 2005-06 and submitted to the Minister for consideration. The Minister agreed to the review of the Act proceeding and in late April 2006 the THA sought comments from stakeholders on the proposed amendments to the legislation.

When the consultation process is finalised, the proposed amendments will be referred to Cabinet for consideration and inclusion in the Government's legislative program.

### OFFICE ACCOMMODATION

The THA's office space is a single tenancy of 385m<sup>2</sup> in Sydney's central business district. The occupied area is within the staff to space ratio determined by the Government. A six year lease on these premises commenced on 1 January 2005.

There were no changes to the THA's corporate goals or service delivery methods during the year. As the Authority is not a budget dependent agency and there are no funding implications for Government related to the lease, the THA did not submit a formal Office Accommodation Strategy for 2005.

### INTERNAL AUDIT

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

- » Loans Administration and Investments;
- » Fidelity Issues;
- » ProMan System – Post Implementation Review; and
- » Fraud and Corruption Prevention.

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

### FRAUD AND CORRUPTION RISK ASSESSMENT

A Fraud and Corruption Risk Assessment was undertaken this year. The review found that the THA is generally well managed in terms of fraud and corruption risk and no instances of fraud or corruption were identified.

However, the review highlighted a number of areas where controls could be strengthened. Nineteen recommendations were made in the assessment report, which the THA agreed to implement.

One of the major recommendations related to the THA's need for a contemporary Fraud Control Strategy. This issue was addressed with the development of a document "Maintaining an Ethical Workplace – A Strategy for Preventing, Detecting, Investigating and Dealing with Fraud and Corruption", which was endorsed by the Board in June 2006.

The strategy is available to all staff members.

### BUSINESS RISK ASSESSMENT

During the year the THA undertook a Business Risk Assessment which focused on identifying risks and minimisation strategies in the stakeholder, community, political, personnel, financial, operational and natural disaster areas. The consequent report recommended sixteen actions to mitigate risk, which the THA agreed to implement.

At the end of the reporting period, fourteen of the recommendations had been implemented.

### RISK MANAGEMENT

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

In 2005-06 the premium was \$181,533 (\$134,816 for property cover), which represented a 14% decrease on the amount paid in the previous year.

Property claims totalling \$205,622 were made against the fund this year. Details are shown at Appendix 6 on page 30.

### CONSULTANTS

The THA engaged seven consultants to assist with the following projects: tenant survey; review of building designs; job evaluations; development of the Performance Management System; preparation of a Total Asset Management Strategy; development of a Business Plan and Statement of Business Intent; review of the Climate Control Policy; and advice on the implications of the "WorkChoices" legislation for the THA.

The total cost of consultancies was \$124,678, with no individual engagement costing more than \$30,000.

### CORPORATE PLAN

The THA's Corporate Plan for 2005-07 outlines key strategies for the planning period in terms of asset, tenancy, financial and operational management. The plan was reviewed in 2006 and updated to reflect changed requirements.

### BUSINESS PLAN/STATEMENT OF BUSINESS INTENT

The Government's Commercial Policy Framework requires public trading enterprises to prepare an annual Statement of Business Intent (SBI) and a Business Plan (BP). In consultation with NSW Treasury, the THA developed an SBI for 2006-07 and a five year BP which were approved by the Board in June 2006.

The documents were referred to the Minister and Treasurer for endorsement and acceptance on behalf of the Government in late June 2006.

### INFORMATION AND COMMUNICATIONS TECHNOLOGY

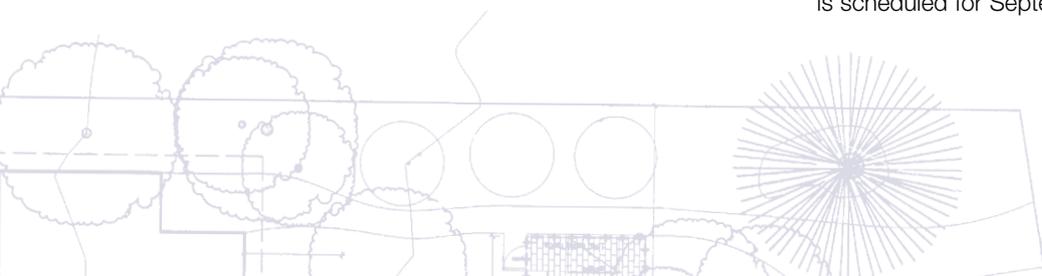
#### ICT Support

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

#### Electronic Information Security

All Government agencies are required to have their electronic information systems certified to the national AS/NZS standard (7799) by 2006.

Following a Threat and Risk Assessment, the THA engaged Lloyds Register (one of two accredited organisations) to undertake audits necessary for the THA to receive certification. Stage 1 of the audit was completed in May 2006 and Stage 2 is scheduled for September 2006.



## ENERGY MANAGEMENT

The table below outlines the THA's annual aggregate energy consumption and greenhouse emissions for its office during the year ended 30 June 2006.

| GJ  | People | MJ/person | m <sup>2</sup> | MJ/m <sup>2</sup> | m <sup>2</sup> /person |
|-----|--------|-----------|----------------|-------------------|------------------------|
| 141 | 22     | 6391      | 385            | 365               | 17.5                   |

Because of the THA's small size, there is little opportunity for further initiatives to reduce energy usage beyond those introduced in past years. Nevertheless, energy management awareness continues to be included in the induction process for new staff and a quarterly email reminder is sent to all employees about the issue.

## WASTE REDUCTION AND PURCHASING POLICY (WRAPP)

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

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

The table below relates to recycling activities in the office and for construction/refurbishment projects for the year ending 30 June 2006.

| Area                                       | Amount Recycled                      | Amount of Recycled Content Products Purchased |
|--|--------------------------------------|---|
| Office                                     | Paper Products –<br>0.9 tonne (100%) | 432 reams (90%)                               |
|  | Toner Cartridges –<br>34 (100%)      | 1 (3%)  |
| Construction,<br>Refurbishment<br>Projects | 3.95 tonnes (24%)                    | 674 tonnes (29%)                              |

## OVERSEAS TRAVEL

No Board or staff member travelled overseas on official business during 2005-06.

## NATIONAL EMPLOYEE HOUSING CONFERENCE

In June 2006, the Chair, General Manager and Director Business Operations represented the THA at a conference held in Darwin to discuss matters of common interest and concern related to government employee housing throughout Australia.

A number of other jurisdictions were represented at the conference, with participants from the Northern Territory, Western Australia, South Australia and Queensland.

The THA has agreed to host the next conference in 2008.

## RED TAPE REVIEW

As part of the Government's investigation into the impact of regulation and other red tape, the Minister for Finance undertook a review to investigate and provide advice on "The undue administrative burden imposed on New South Wales Government agencies by other government agencies and options for reducing that burden."

At the invitation of the NSW Treasury, the THA made a submission on this matter. The THA strongly supported the statement in the Issues Paper that a "one size fits all" process is unlikely to achieve the best outcome in relation to developing plans to give effect to new Government policies and initiatives.

The THA expressed the view that there should be some acknowledgement by other agencies of the administrative and cost burden placed on micro agencies in the planning and review processes.

The outcome of the review is awaited with interest.

## APPENDICES

### APPENDIX 1

DWELLINGS CONSTRUCTED OR ACQUIRED DURING 2005-06

| Town            | Project Description               | Total Cost \$    |
|-----------------|-----------------------------------|------------------|
| Bourke          | 1 x 4 bedroom house               | 288,740          |
| Brewarrina      | 2 x 1 & 1 x 2 bedroom villa units | 545,900          |
| Goodooga        | 2 x 2 bedroom villa units         | 406,982          |
| Hillston        | 1 x 4 bedroom house               | 245,402          |
| Lake Cargelligo | 2 x 1 & 1 x 2 bedroom villa units | 561,966          |
| Quirindi        | 1 x 4 bedroom house               | 268,205          |
| Walgett         | 2 x 1 & 2 x 2 bedroom villa units | 669,338          |
| <b>TOTAL</b>    |                                   | <b>2,986,533</b> |

### APPENDIX 2

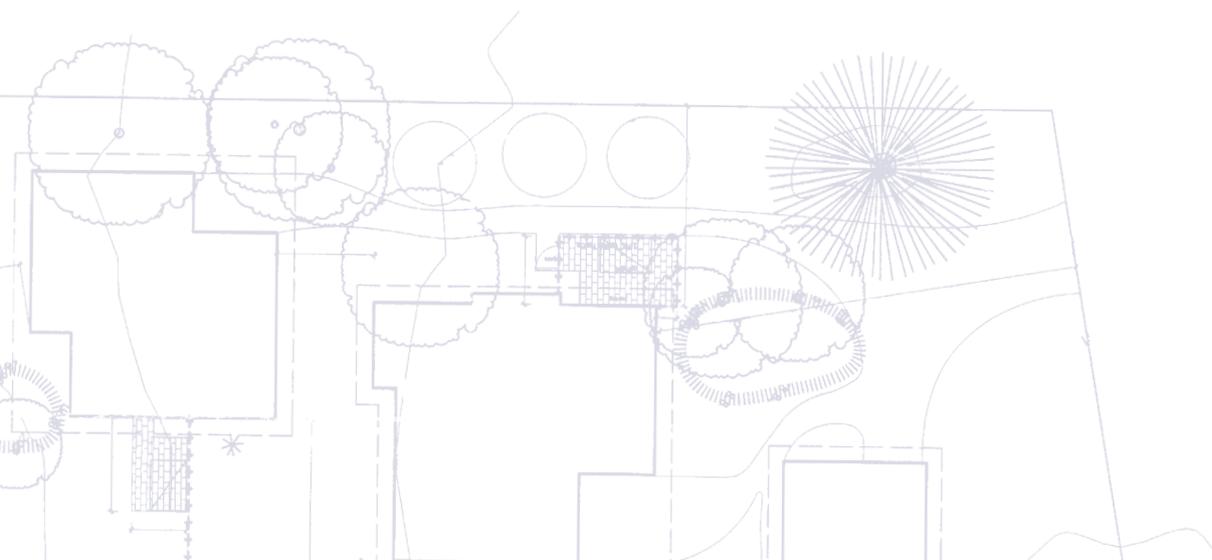
WORKS IN PROGRESS AS AT 30 JUNE 2006

| Town         | Project Description              | Expenditure to 30 June 2006 \$ | Estimated Completion |
|--------------|----------------------------------|--------------------------------|----------------------|
| Boggabilla   | 2 x 1 & 1x 2 bedroom villa units | 4,752                          | Dec 2006             |
| Buronga      | 2 x 1 & 1x 2 bedroom villa units | 21,009                         | Jan 2007             |
| Wilcannia    | 4 x 1 bedroom villa units        | 6,380                          | Nov 2006             |
| <b>TOTAL</b> |                                  | <b>32,141</b>                  |                      |

### APPENDIX 3

DWELLINGS SOLD IN 2005-06

| Locality     | Address            | Contract Price \$ |
|--------------|--------------------|-------------------|
| Boolaroo     | 16 Lakeview Street | 336,000           |
| Moama        | 28 Maiden Street   | 192,500           |
| <b>TOTAL</b> |                    | <b>528,500</b>    |



## APPENDIX 4

### EEO STATISTICS

Table A Trends in the Representation of EEO Groups<sup>1</sup>

| EEO Group   | Benchmark or Target | % of Total Staff <sup>2</sup> |         |         |         |
|---|---------------------|-------------------------------|---------|---------|---------|
|   |                     | 2005-06                       | 2004-05 | 2003-04 | 2002-03 |
| Women   | 50                  | 50                            | 48      | 48      | 47      |
| Aboriginal people and Torres Strait Islanders               | 2                   | -                             | -       | -       | -       |
| People whose first language was not English                 | 19                  | 18                            | 19      | 19      | 21      |
| People with a disability                                    | 12                  | -                             | -       | -       | 5       |
| People with a disability requiring work-related adjustments | 7                   | -                             | -       | -       | -       |

Table B Trends in the Distribution of EEO Groups<sup>3</sup>

**Notes:**

<sup>1</sup> Staff numbers at 30 June.

<sup>2</sup> Excludes casual staff.

<sup>3</sup> In accordance with the Office of the Director of Equal Opportunity in Public Employment guidelines, the Distribution Index has not been included because the EEO group numbers are less than 20.

## APPENDIX 5

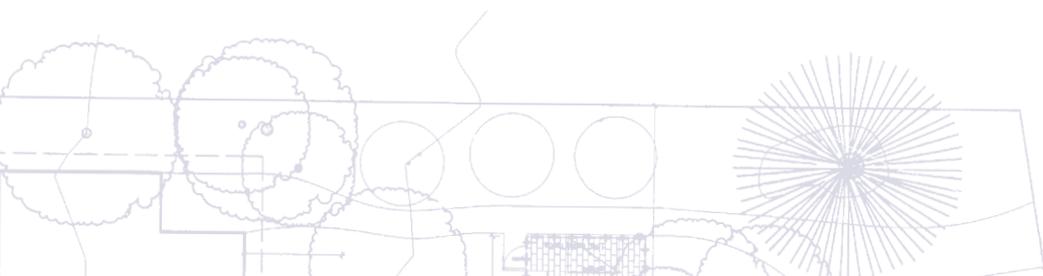
### THA EMPLOYEES BY CATEGORY

| Category                    | 2005-06 | 2004-05 | 2003-04 | 2002-03 |
|-----------------------------|---------|---------|---------|---------|
| Administrative and Clerical | 22      | 21      | 21      | 19      |

## APPENDIX 6

### TREASURY MANAGED FUND – PROPERTY INSURANCE CLAIMS

| Locality     | Claim   | Cost \$        |
|--------------|---|----------------|
| Barham       | Replace carpet (water leak)                             | 3,039          |
| Bellbrook    | Repair storm damage                                     | 3,850          |
| Bibbenluke   | Repair damaged walls, doors, windows & locks (break-in) | 31,865         |
| Boomi        | Repair storm damage                                     | 1,095          |
| Ebor         | Repair storm damage                                     | 2,730          |
| Finley       | Repair storm damage                                     | 4,745          |
| Gilgandra    | Repair storm damage                                     | 2,576          |
| Goodooga     | Repair damage to windows (break-in)                     | 1,445          |
| Hillston     | Repair damage to ceiling (water leak)                   | 1,034          |
| Leeton       | Repair storm damage                                     | 3,260          |
| Leeton       | Repair storm damage                                     | 1,104          |
| Leeton       | Repair storm damage                                     | 3,168          |
| Narrabri     | Repair storm damage                                     | 31,660         |
| Narrabri     | Repair storm damage                                     | 11,176         |
| Narrabri     | Repair storm damage                                     | 7,273          |
| Narrabri     | Repair storm damage                                     | 1,447          |
| Narrabri     | Repair storm damage                                     | 46,054         |
| Narrabri     | Repair storm damage                                     | 18,459         |
| Trangie      | Repair damage to kitchen (fire)                         | 1,749          |
| Wee Waa      | Repair damaged roof (tree)                              | 1,814          |
| Wilcannia    | Repair damaged doors, locks & screens (break-in)        | 3,530          |
| Wollar       | Repair storm damage                                     | 1,017          |
| Yanco        | Repair storm damage                                     | 1,311          |
| Yenda        | Replace garden shed (stolen)                            | 1,639          |
| Various      | Repair damage (35 claims) under \$1000                  | 18,582         |
| <b>TOTAL</b> |   | <b>205,622</b> |



# FINANCIAL STATEMENTS

For the Year Ended 30 June 2006

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## STATEMENT BY MEMBERS

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

- (i) The accompanying financial statements exhibit a true and fair view of the financial position of the Teacher Housing Authority of New South Wales as at 30 June 2006 and the transactions for the year ended; and
- (ii) The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, and the Treasurer's Directions.

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



Beryl Jamieson  
**Chair**

12 October 2006



Craig de Plater  
**General Manager**



GPO BOX 12  
Sydney NSW 2001

## INDEPENDENT AUDIT REPORT

### Teacher Housing Authority of New South Wales

To Members of the New South Wales Parliament

#### Audit Opinion

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

- presents fairly the Authority's financial position as at 30 June 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

#### Scope

##### The Financial Report and Board's Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Authority, for the year ended 30 June 2006.

The members of the Board of the Authority are responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

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

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

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

My opinion does *not* provide assurance:

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

#### **Audit Independence**

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

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



M P Abood, CPA  
Director, Financial Audit Services

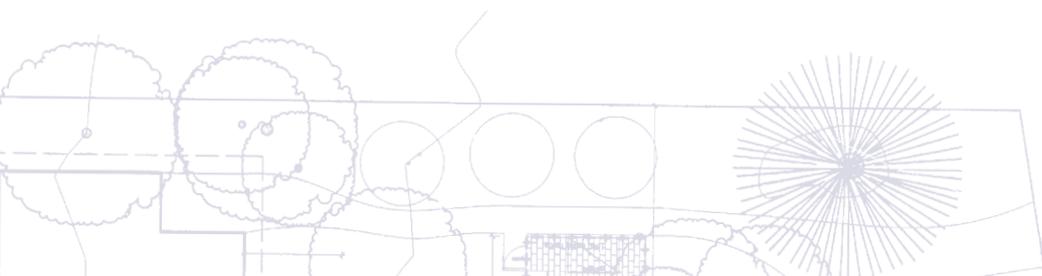
SYDNEY  
12 October 2006

## INCOME STATEMENT

For the Year Ended 30 June 2006

|   | Notes | 2005-06<br>\$'000 | 2004-05<br>\$'000 |
|---|-------|-------------------|-------------------|
| <b>REVENUES</b>                             |       |                   |                   |
| Rental Income                               | 2     | 8,914             | 8,638             |
| Investment Income                           |       | 305               | 309               |
| State Government Contribution               | 3     | 4,876             | 4,700             |
| Personnel Services Revenue – Superannuation |       | 301               | 0                 |
| <b>TOTAL REVENUES</b>                       |       | <b>14,396</b>     | <b>13,647</b>     |
| <b>EXPENSES</b>                             |       |                   |                   |
| Borrowing Costs                             |       | 117               | 273               |
| Property Maintenance                        |       | 5,436             | 4,942             |
| Property Rates                              |       | 1,434             | 1,372             |
| Personnel Services Expenses                 | 4     | 1,677             | 1,752             |
| Other Administration Expenses               | 5     | 1,623             | 1,486             |
| Depreciation                                | 8(a)  | 2,503             | 2,483             |
| <b>TOTAL EXPENSES</b>                       |       | <b>12,790</b>     | <b>12,308</b>     |
| Gain on Disposal of Non Current Assets      | 8(b)  | 1                 | 3                 |
| <b>Profit for the Year</b>                  |       | <b>1,607</b>      | <b>1,342</b>      |

*The accompanying notes form part of these statements*



## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2006

|   | Notes | 2005-06<br>\$'000 | 2004-05<br>\$'000 |
|---|-------|-------------------|-------------------|
| Net Increase/(Decrease) in property, plant and equipment<br>asset revaluation reserve | 16    | (1,309)           | (923)             |
| <b>Total Income and Expense recognised directly in Equity</b>                         |       | <b>(1,309)</b>    | <b>(923)</b>      |
| Surplus/(Deficit) for the year  |       | 1,607             | 1,342             |
| <b>Total Income and Expense recognised for the Year</b>                               |       | <b>298</b>        | <b>419</b>        |

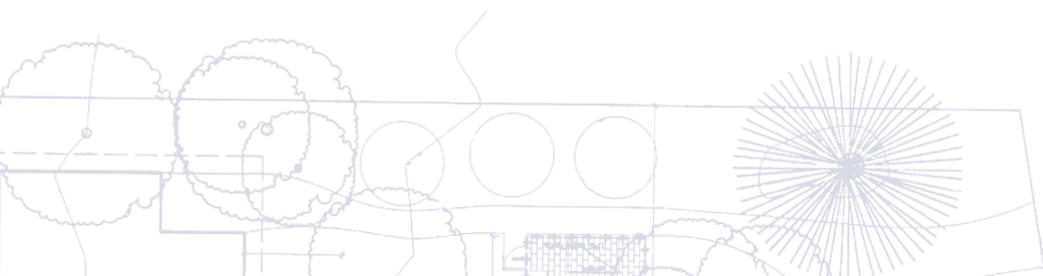
*The accompanying notes form part of these statements*

## BALANCE SHEET

As at 30 June 2006

|                                  | Notes | 2005-06<br>\$'000 | 2004-05<br>\$'000 |
|----------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                    |       |                   |                   |
| <b>Current Assets</b>            |       |                   |                   |
| Cash and Cash Equivalents        | 6     | 3,905             | 4,529             |
| Receivables                      | 7     | 264               | 273               |
| <b>Total Current Assets</b>      |       | <b>4,169</b>      | <b>4,802</b>      |
| <b>Non Current Assets</b>        |       |                   |                   |
| Property, Plant and Equipment    | 8(a)  | 111,894           | 114,033           |
| Receivables                      | 7     | 267               | 89                |
| <b>Total Non Current Assets</b>  |       | <b>112,161</b>    | <b>114,122</b>    |
| <b>TOTAL ASSETS</b>              |       | <b>116,330</b>    | <b>118,924</b>    |
| <b>LIABILITIES</b>               |       |                   |                   |
| <b>Current Liabilities</b>       |       |                   |                   |
| Payables                         | 9     | 846               | 1,030             |
| Borrowings                       | 10    | 0                 | 2,667             |
| Provisions                       | 12    | 734               | 847               |
| Other                            | 9(b)  | 134               | 62                |
| <b>Total Current Liabilities</b> |       | <b>1,714</b>      | <b>4,606</b>      |
| <b>TOTAL LIABILITIES</b>         |       | <b>1,714</b>      | <b>4,606</b>      |
| <b>NET ASSETS</b>                |       | <b>114,616</b>    | <b>114,318</b>    |
| <b>Equity</b>                    |       |                   |                   |
| Retained Earnings                | 15    | 71,341            | 69,433            |
| Asset Revaluation Reserve        | 16    | 43,275            | 44,885            |
| <b>TOTAL EQUITY</b>              |       | <b>114,616</b>    | <b>114,318</b>    |

The accompanying notes form part of these statements



## CASH FLOW STATEMENT

For the Year Ended 30 June 2006

|  | Notes | 2005-06<br>\$'000 | 2004-05<br>\$'000 |
|--|-------|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                  |       |                   |                   |
| <b>Payments</b>  |       |                   |                   |
| Borrowing Costs  |       | (191)             | (291)             |
| Property and Administration                                  |       | (10,192)          | (9,076)           |
| <b>Total Payments</b>  |       | <b>(10,383)</b>   | <b>(9,367)</b>    |
| <b>Receipts</b>  |       |                   |                   |
| Rental Income  |       | 8,946             | 8,818             |
| Investment Income  |       | 305               | 310               |
| <b>Total Receipts</b>  |       | <b>9,251</b>      | <b>9,128</b>      |
| <b>Cash Flows from Government</b>                            |       |                   |                   |
| State Government Contribution                                |       | 4,876             | 4,700             |
| Department of Education and Training<br>Capital Contribution |       | 600               | 600               |
| Department of Education and Training<br>Capital Payments     |       | (579)             | (392)             |
| <b>Net Cash Flows from Government</b>                        |       | <b>4,897</b>      | <b>4,908</b>      |
| <b>Net Cash Provided by Operating Activities</b>             | 14    | <b>3,765</b>      | <b>4,669</b>      |
| <b>Cash Flows from Investing Activities</b>                  |       |                   |                   |
| Purchases of Non Current Assets                              |       | (2,248)           | (3,060)           |
| Proceeds from Disposal of Non Current Assets                 |       | 525               | 310               |
| <b>Net Cash Used in Investing Activities</b>                 |       | <b>(1,723)</b>    | <b>(2,750)</b>    |
| <b>Cash Flows from Financing Activities</b>                  |       |                   |                   |
| Loan Repayments  |       | (2,666)           | (50)              |
| <b>Net Cash Used in Financing Activities</b>                 |       | <b>(2,666)</b>    | <b>(50)</b>       |
| <b>Net Increase/(Decrease) in Cash</b>                       |       | <b>(624)</b>      | <b>1,869</b>      |
| <b>Opening Cash Balance</b>                                  |       | 4,529             | 2,660             |
| <b>CLOSING CASH BALANCE</b>                                  | 6     | <b>3,905</b>      | <b>4,529</b>      |

The accompanying notes form part of these statements

## NOTES ACCOMPANYING AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2006

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting Entity

The Teacher Housing Authority of NSW, as a reporting entity, is a not for profit entity (as profit is not its principal objective) and it has no cash generating units. The Authority is consolidated as part of the NSW Total State Sector Accounts. The financial statements were authorised by the Board on 12 October 2006.

#### (b) Basis of Preparation

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

- applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS));
- the requirements of the *Public Finance and Audit Act* and Regulation.

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

Judgements, key assumptions and estimations management as made 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.

#### (c) Statement of Compliance

This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, unless otherwise permitted.

In accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and Treasury Mandates, the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* was deferred to 1 July 2005 and, as a result, comparative information for these two Standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005. Under previous Accounting Standards, financial instruments were recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which were measured at fair value.

Reconciliations of AEIFRS equity and profit or loss for 30 June 2005 to the balance reported in the 30 June 2005 financial report are detailed in note 18.

#### (d) Income Recognition

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

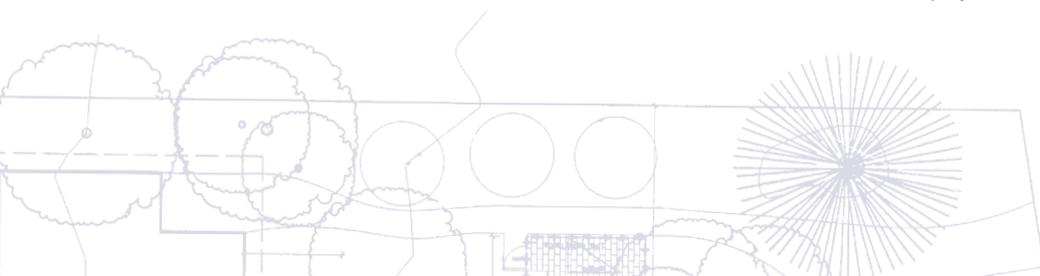
Investment income including interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

#### (e) Personnel Services and other provisions

The Authority receives personnel services from the Department of Education and Training. The Department is not a Special Purpose Service Entity and does not control the Authority under this arrangement. The expenses and liabilities for the Authority have been reclassified from the previous year in accordance with Treasury Circular 06/13.

A current liability (liability to the Department) includes provisions for all employee related entitlements. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

In prior periods, the Authority's financial report recognised and classified all staff related expenses and liabilities as if the staff were employed by the Authority. As staff assigned to undertake the work of the Authority are employees of the Department of Education and Training, the amounts previously disclosed as staff related expenses and liabilities have been reclassified as "Personnel Services" to correctly describe the arrangement. The prior treatment of these costs has no impact on the operating result or equity of the current or prior reporting periods.



#### *(f) Borrowing costs*

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's mandate to 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 experience.

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

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

#### *(i) Acquisitions of Assets*

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

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

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

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

#### *(j) Capitalisation Thresholds*

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

#### *(k) Revaluation of Property, Plant and Equipment*

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 05-3). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Authority revalues each class of property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2004 and was based on an independent assessment.

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

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

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

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

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

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

*(m) Depreciation of Property Plant and Equipment*

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. The rates determined for the 2005-06 financial year are:

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

*(n) Maintenance*

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

*(o) Loans and Receivables – Year ended 30 June 2006  
(refer note 1(u) for 2004-05 policy)*

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. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

*(p) Investments – Year ended 30 June 2006 (refer note 1(u) for 2004-05 policy)*

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

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

*(q) Payables – Year ended 30 June 2006 (refer note 1(u) for 2004-05 policy)*

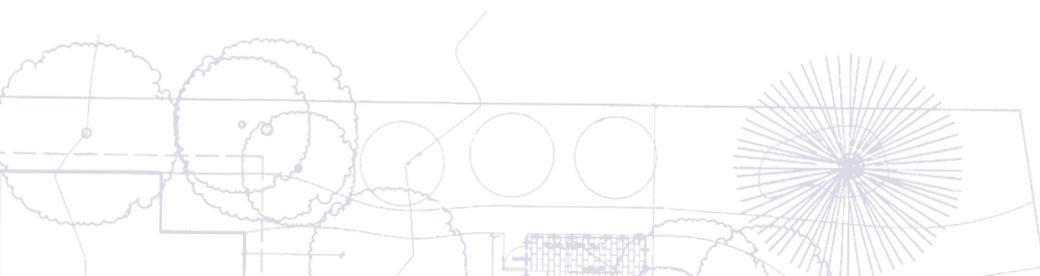
These amounts represent liabilities for goods and services provided to the Authority and other amounts, including interest. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.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

*(r) Borrowings – Year ended 30 June 2006 (refer note 1(u) for 2004-05 policy)*

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest method. Gains or losses are recognised in the Income Statement on de-recognition.

*(s) Remuneration of Authority Members*

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



*(t) Comparative Information*

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. The transition to AEIFRS for financial instruments information was 1 July 2005.

*(u) Financial instruments accounting policy for 2004/05 comparative period*

- Investment income

Interest revenue is recognised as it accrues.

- Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

- Other Financial Assets

"Other financial assets" are generally recognised at cost, with the exception of TCorp Hour-Glass Facilities and Managed Fund Investments, which are measured at market value.

For non-current "other financial assets", revaluation increments and decrements are recognised in the same manner as physical non-current assets.

For current "other financial assets", revaluation increments and decrements are recognised in the Income Statement.

- Payables

These amounts represent liabilities for goods and services provided to the agency and other amounts, including interest. Interest is accrued over the period it becomes due.

- Interest Bearing Liabilities

All loans are valued at current capital value.

*(v) New Australian Accounting Standards issued but not effective.*

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

- AASB 7 – *Financial Instruments: Disclosure* (Issued August 2005)
- AASB 2004-3 – *Amendments to Australian Accounting Standards* (issued December 2004)
- AASB 2005-1 – *Amendments to Australian Accounting Standards* (issued May 2005)
- AASB 2005-5 – *Amendments to Australian Accounting Standards* (issued June 2005)
- AASB 2005-9 – *Amendments to Australian Accounting Standards* (issued September 2005)
- AASB 2005-10 – *Amendments to Australian Accounting Standards* (issued September 2005)
- AASB 2006-1 – *Amendments to Australian Accounting Standards* (issued January 2006)

The initial application of these standards will have no impact on the financial results of the Authority. The standards are operative for annual reporting periods beginning on or after 1 January 2006.

*(w) Financial Instruments*

The Authority's principal financial instruments arise directly from its operations and the Authority does not enter or trade financial instruments for speculative purposes.

## 2. RENTAL REVENUE

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

| Rental Income Comprise:                                       | 2005-06      | 2004-05      |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| Gross Rental Income   | 8,933        | 8,618        |
| Net Transfer From/(To) Allowance for Impairment – [Note 7(a)] | (19)         | 20           |
| <b>Total Rental Income</b>                                    | <b>8,914</b> | <b>8,638</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 including borrowing costs and loan principal repayments.

| State Government Contribution Comprise:    | 2005-06      | 2004-05      |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| State Government Contribution              | 4,876        | 4,700        |
| <b>Total State Government Contribution</b> | <b>4,876</b> | <b>4,700</b> |

## 4. PERSONNEL SERVICES ARE ACQUIRED FROM THE DEPARTMENT OF EDUCATION AND TRAINING AND THE COST COMPRISES:

| Personnel Services Comprise:           | 2005-06      | 2004-05      |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| Salaries and Wages                     | 1,252        | 1,164        |
| Recreation Leave                       | 103          | 92           |
| Long Service Leave                     | 106          | 55           |
| Superannuation                         | 0            | 264          |
| Total Employee Benefit Expenses        | 1,461        | 1,575        |
| Other Employee Related Expenses        | 216          | 177          |
| <b>Total Employee Related Expenses</b> | <b>1,677</b> | <b>1,752</b> |

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## 5. OTHER ADMINISTRATION EXPENSES

| Other Administration Expenses Comprise:    | 2005-06      | 2004-05      |
|--|--------------|--------------|
|  | \$'000       | \$'000       |
| Audit Fees – Audit of the Financial Report | 42           | 42           |
| Consultants                                | 125          | 8            |
| Office Lease Expense                       | 151          | 119          |
| Insurance                                  | 167          | 196          |
| Property Valuations                        | 73           | 93           |
| Property Management Fees                   | 614          | 539          |
| Other General Administration               | 451          | 489          |
| <b>Total Other Administration Expenses</b> | <b>1,623</b> | <b>1,486</b> |

## 6. CASH AND CASH EQUIVALENTS

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

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

| Cash and Cash Equivalents Comprise:               | 2005-06      | 2004-05      |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| Cash on Hand                                      | 1            | 1            |
| Cash at Bank                                      | 92           | 243          |
| Investments                                       | 3,812        | 4,285        |
| <b>Total Cash and Cash Equivalents at 30 June</b> | <b>3,905</b> | <b>4,529</b> |
| Represented in the Balance Sheet as:              |              |              |
| Current Assets – Cash and Cash Equivalents        | 3,905        | 4,529        |
| <b>Total Cash and Cash Equivalents at 30 June</b> | <b>3,905</b> | <b>4,529</b> |

## 7. RECEIVABLES

| Receivables Comprise:                  | 2005-06    | 2004-05    |
|--|------------|------------|
|  | \$'000     | \$'000     |
| <b>Current:</b>                        |            |            |
| Rental Debtors                         | 192        | 195        |
| Less Allowance for Impairment (a)      | (62)       | (46)       |
| Tenancy Liaison Service Agent Advances | 113        | 110        |
| Other Debtors                          | 21         | 14         |
|  | <b>264</b> | <b>273</b> |
| <b>Non Current:</b>                    |            |            |
| Prepaid Superannuation                 | 267        | 89         |
| <b>Total Receivables</b>               | <b>531</b> | <b>362</b> |

### (a) Allowance for Impairment

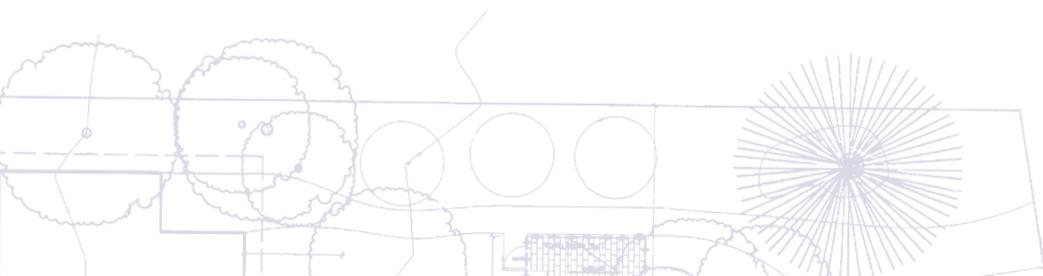
| Allowance for Impairment – Movement | 2005-06   | 2004-05   |
|-------------------------------------|-----------|-----------|
|                                     | \$'000    | \$'000    |
| Opening Allowance at 1 July         | 46        | 66        |
| Less Debts Written Off – [Note 13]  | (3)       | (37)      |
| New Allowance Transferred In/(Out)  | 19        | 17        |
| <b>Closing Allowance at 30 June</b> | <b>62</b> | <b>46</b> |

### 8. LAND AND BUILDINGS, OFFICE FURNITURE AND EQUIPMENT, OFFICE REFURBISHMENT AND MOTOR VEHICLES

| (a) Movement – \$'000                   | Land and Buildings | Office Furn. & Equipment | Office Refurbishment | Motor Vehicles | 2005-06 Total \$'000 | 2004-05 Total \$'000 |
|---|--------------------|--------------------------|----------------------|----------------|----------------------|----------------------|
| <b>At Fair Value</b>                    |                    |                          |                      |                |                      |                      |
| Carrying Amount at Beginning of Year    | 113,874            | 54                       | 74                   | 31             | 114,033              | 114,647              |
| Additions                               | 2,114              | 51                       | 0                    | 31             | 2,196                | 3,098                |
| Disposals                               | (503)              | 0                        | 0                    | (20)           | (523)                | (306)                |
| Net Revaluation Increments/(Decrements) | (1,309)            | 0                        | 0                    | 0              | (1,309)              | (923)                |
| Depreciation Expenses                   | (2,406)            | (47)                     | (37)                 | (13)           | (2,503)              | (2,483)              |
| <b>Carrying amount at End of Year</b>   | <b>111,770</b>     | <b>58</b>                | <b>37</b>            | <b>29</b>      | <b>111,894</b>       | <b>114,033</b>       |
| Cost or Fair Value as at 30 June 2006   | 116,542            | 350                      | 184                  | 32             |                      |                      |
| Accumulated Depreciation                | (4,772)            | (292)                    | (147)                | (3)            |                      |                      |
| <b>Net Carrying Amount</b>              | <b>111,770</b>     | <b>58</b>                | <b>37</b>            | <b>29</b>      |                      |                      |
| Cost or Fair Value as at 30 June 2005   | 116,250            | 350                      | 184                  | 32             |                      |                      |
| Accumulated Depreciation                | (2,376)            | (296)                    | (110)                | (1)            |                      |                      |
| <b>Net Carrying Amount</b>              | <b>113,874</b>     | <b>54</b>                | <b>74</b>            | <b>31</b>      |                      |                      |

Land and buildings were last revalued by the Australian Valuation Office during 2003-04. Any revaluation increments/decrements in 2005-06 resulted from completions and transfers from work in progress during the year.

| (b) Disposals – \$'000         | Land and Buildings | Motor Vehicles | 2005-06 Total \$'000 | 2004-05 Total \$'000 |
|--------------------------------|--------------------|----------------|----------------------|----------------------|
| Gross Proceeds                 | 529                | 21             | 550                  | 327                  |
| Written Down Value             | (503)              | (21)           | (524)                | (306)                |
| Disposal Costs                 | (25)               | 0              | (25)                 | (18)                 |
| <b>Gain/(Loss) on Disposal</b> | <b>1</b>           | <b>0</b>       | <b>1</b>             | <b>3</b>             |



## 9. PAYABLES

| Payables Comprise:                       | 2005-06    | 2004-05      |
|--|------------|--------------|
|  | \$'000     | \$'000       |
| Prepayments by Rental Debtors            | 13         | 8            |
| Other Creditors and Accruals             | 604        | 814          |
| Department of Education and Training (a) | 229        | 208          |
| <b>Total Payables</b>                    | <b>846</b> | <b>1,030</b> |

### (a) Department of Education and Training

As part of its corporate activities, the Authority manages school residences on behalf of the Department of Education and Training. While contingent maintenance expenditure on these dwellings is met by the Authority, the Department provides full funding, on a Trust basis, for all capital refurbishment expenditure. The balance of this funding at the end of each reporting period is reflected in the Balance Sheet within Receivables or Payables.

| Department of Education and Training              | 2005-06    | 2004-05    |
|---|------------|------------|
| School Residence Refurbishment Account – Movement | \$'000     | \$'000     |
| Opening Creditor/(Debtor) at 1 July 2005          | 208        | (15)       |
| Plus Capital Grant Received                       | 600        | 600        |
| Less Capital Refurbishment Expenditure            | (579)      | (377)      |
| <b>Closing Creditor/(Debtor) at 30 June 2006</b>  | <b>229</b> | <b>208</b> |

### (b) Other Payables – Rent Incentive Liability

During 2003-04, the Authority entered into an agreement with Investa Properties Limited, which included a lease incentive in the form of a rent free period from 1 January 2005 to 28 February 2006 on office accommodation at Level 14, 31 Market Street Sydney. This lease incentive is recognised under UIG Interpretation 115 Operating Leases – Incentives.

| Other Payables              | 2005-06    | 2004-05   |
|-----------------------------|------------|-----------|
| Rent Incentive Liability    | \$'000     | \$'000    |
| Rent Incentive Liability    | 134        | 62        |
| <b>Total Other Payables</b> | <b>134</b> | <b>62</b> |

## 10. BORROWINGS

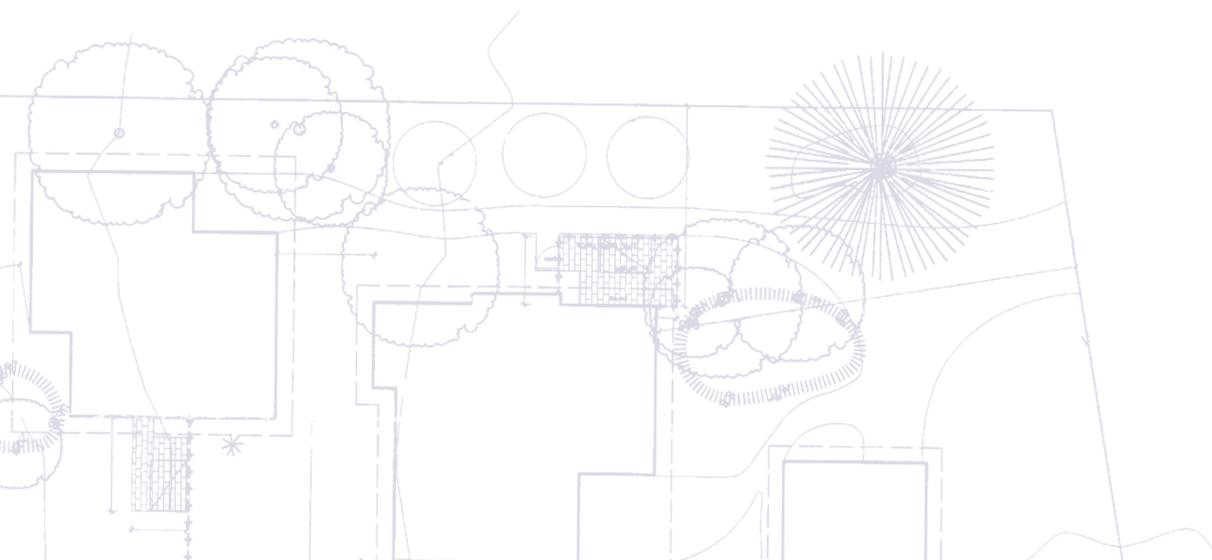
Loans are represented in the Balance Sheet at current capital value. This represents the sum of the face value and net premium/discounts outstanding. Amortisation of premium and discount on loans is reflected in the Income Statement.

| (a) Borrowings Outstanding – Current Capital Value                    | 2005-06  | 2004-05      |
|---|----------|--------------|
|   | \$'000   | \$'000       |
| Borrowings Loans Outstanding at 1 July 2005 – Face Value              | 2,651    | 2,702        |
| Less Repayments/Prepayments   | (2,651)  | (50)         |
| Borrowings Outstanding at 30 June 2006 – Face Value                   | 0        | 2,652        |
| Net Premium/Discount Outstanding at 1 July 2005                       | 15       | 31           |
| Less Amount Amortised   | (15)     | (16)         |
| Net Premium/Discount Outstanding at 30 June 2006                      | 0        | 15           |
| <b>Borrowings Outstanding at 30 June 2006 – Current Capital Value</b> | <b>0</b> | <b>2,667</b> |
| Represented in the Balance Sheet under:                               |          |              |
| Current Liabilities – Loans   | 0        | 2,667        |
| <b>Borrowings Outstanding at 30 June 2006 – Current Capital Value</b> | <b>0</b> | <b>2,667</b> |

| (b) Borrowings Maturity Profile – Face Value               | 2005-06  | 2004-05      |
|--|----------|--------------|
|  | \$'000   | \$'000       |
| Payable within one year                                    | 0        | 2,651        |
| Payable between one and two years                          | 0        | 0            |
| Payable between two and five years                         | 0        | 0            |
| <b>Borrowings Outstanding at 30 June 2005 – Face Value</b> | <b>0</b> | <b>2,651</b> |

All loans outstanding were repaid to the NSW Treasury Corporation in 2005-06. Weighted Average effective interest rate for 2005-06 was 8.74% (10.87% in 2004-05).



## 11. COMMITMENTS

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

### (a) Operating Lease Commitments

The Authority holds a non-cancellable operating lease agreement with Investa Properties Limited over office lease premises at Level 14, St Martins Tower, 31 Market Street, Sydney. During 2003-04, the agreement was renewed for a term of six years commencing 1 January 2005 with a renewal option from 1 January 2011. The expenditure commitments for the minimum lease payments over the remaining terms of this lease are:

| Office Lease Commitments              | 2005-06    | 2004-05    |
|---------------------------------------|------------|------------|
|                                       | \$'000     | \$'000     |
| Payable within one year               | 158        | 56         |
| Payable between two and five years    | 554        | 633        |
| Payable after five years              | 0          | 79         |
| <b>Total Office Lease Commitments</b> | <b>712</b> | <b>768</b> |

### (b) Other Operating Commitments – Property Maintenance

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

| Property Maintenance Commitments              | 2005-06    | 2004-05    |
|---|------------|------------|
|   | \$'000     | \$'000     |
| Payable within one year                       | 643        | 937        |
| <b>Total Property Maintenance Commitments</b> | <b>643</b> | <b>937</b> |

### (c) Capital Commitments

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

| Capital Commitments              | 2005-06    | 2004-05      |
|----------------------------------|------------|--------------|
|                                  | \$'000     | \$'000       |
| Payable within one year          | 243        | 1,070        |
| <b>Total Capital Commitments</b> | <b>243</b> | <b>1,070</b> |

## 12. PROVISIONS

A current liability to the Department of Education and Training includes provisions for all employee related entitlements. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

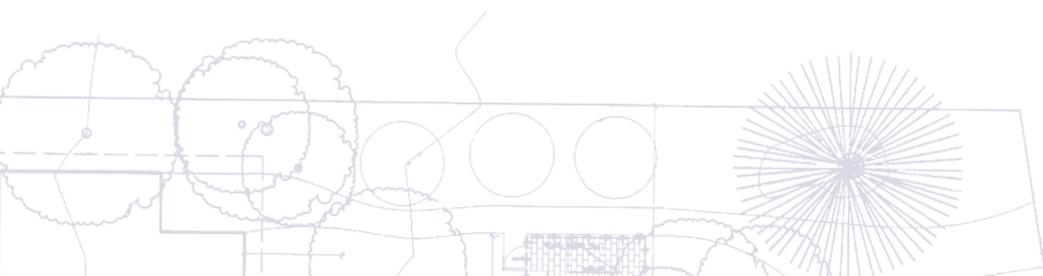
| Personnel Services Liability – Movement        | 2005-06    | 2004-05    |
|--|------------|------------|
|  | \$'000     | \$'000     |
| Balance at 1 July 2005                         | 847        | 212        |
| Increase/(Decrease) in Liability to DET        | (113)      | 635        |
| <b>Personnel Services Liability at 30 June</b> | <b>734</b> | <b>847</b> |
| Represented in the Balance Sheet               |            |            |
| Current Liability to DET                       | 734        | 847        |
| <b>Personnel Services Liability at 30 June</b> | <b>734</b> | <b>847</b> |

| Aggregate Personnel Services Liability – Dissection      | 2005-06    | 2004-05    |
|--|------------|------------|
|  | \$'000     | \$'000     |
| Recreation Leave   | 143        | 125        |
| Long Service Leave                                       | 591        | 488        |
| Unfunded Superannuation                                  | 0          | 234        |
| <b>Aggregate Personnel Services Liability at 30 June</b> | <b>734</b> | <b>847</b> |

## 13. DEBTS WRITTEN OFF

| Debts Written Off Comprise:                    | 2005-06  | 2004-05   |
|--|----------|-----------|
|  | \$'000   | \$'000    |
| Uncollectable Rental Account Debts [Note 7(a)] | 3        | 37        |
| <b>Total Debts Written Off</b>                 | <b>3</b> | <b>37</b> |

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



#### 14. RECONCILIATION OF NET CASH FLOW FROM ORDINARY ACTIVITIES TO OPERATING SURPLUS

For the purposes of the Cash Flow Statement, 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 6.

| Reconciliation of Cash Flow from Operating Activities to | 2005-06      | 2004-05      |
|--|--------------|--------------|
| Operating Surplus as Reported in the Income Statement    | \$'000       | \$'000       |
| <b>Operating Surplus</b>                                 | <b>1,607</b> | <b>1,342</b> |
| <b>Non Cash Expenses/(Revenues):</b>                     |              |              |
| Depreciation   | 2,503        | 2,483        |
| Amortised Premium/Discount on Loans                      | 0            | (16)         |
| Loss/(Gain) on Disposal of Non Current Assets            | (1)          | (3)          |
| <b>Changes in Operating Assets and Liabilities:</b>      |              |              |
| Increase/(Decrease) in Payables                          | (65)         | 480          |
| Decrease/(Increase) in Receivables                       | (146)        | 176          |
| Increase/(Decrease) in Provisions                        | (133)        | 207          |
| <b>Net Cash Flow from Operating Activities</b>           | <b>3,765</b> | <b>4,669</b> |

**15. RETAINED EARNINGS**

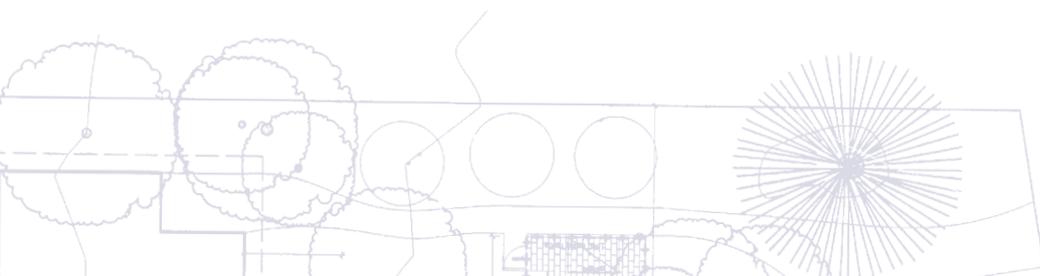
| Retained Earnings – Movement                                      | 2005-06       | 2004-05       |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| Balance at 1 July   | 69,434        | 68,002        |
| Changes in Equity – Other than transactions with owners as owners | 0             | (61)          |
| Operating Surplus for the Year                                    | 1,607         | 1,342         |
| Transfer from Asset Revaluation Reserve [Note 16]                 | 300           | 151           |
| <b>Balance at 30 June</b>   | <b>71,341</b> | <b>69,434</b> |

**16. ASSET REVALUATION RESERVE**

| Asset Revaluation Reserve – Movement                              | 2005-06       | 2004-05       |
|---|---------------|---------------|
|   | \$'000        | \$'000        |
| Balance at 1 July   | 44,885        | 45,959        |
| Changes in Equity – Other than transactions with owners as owners |               |               |
| Net Increment (Decrement) on Revaluation [Note 8(a)]              | (1,310)       | (923)         |
| Changes in Equity – Transactions with owners as owners            |               |               |
| Transfer to Retained Earnings – Disposed Properties [Note 15]     | (300)         | (151)         |
| <b>Balance at 30 June</b>   | <b>43,275</b> | <b>44,885</b> |

**17. CONTINGENT LIABILITY**

The Authority is unaware of any significant contingent liabilities as at 30 June 2006.



**18. THE FINANCIAL IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (AEIFRS)**

The Authority has applied the AEIFRS for the first time in the 2005/06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from previous AASB requirements (AGAAP). Other impacts arise from options in AEIFRS that were not available or not applied under previous AGAAP. The Authority has adopted the options mandated by NSW Treasury for all NSW public sector agencies. The impacts disclosed below reflect Treasury's mandates and policy decisions.

The impacts of adopting AEIFRS on total equity and surplus/(deficit) as reported under previous AGAAP are shown below. There are no material impacts on the Authority's cash flows.

**(a) Reconciliation of Key Aggregates**

| Reconciliation of Equity Under Existing Standards (AGAAP) to Equity Under AEIFRS: |      | 30 June<br>2005** | 1 July<br>2004* |
|---|------|-------------------|-----------------|
|   | Note | \$'000            | \$'000          |
| <b>Total Equity under AGAAP</b>   |      |                   |                 |
| <b>Adjustments to Accumulated Funds</b>   |      | <b>114,982</b>    | <b>114,300</b>  |
| Defined benefit superannuation adjustment for change in discount rate             | 1    | (664)             | (339)           |
| <b>Total equity under AEIFRS</b>  |      | <b>114,318</b>    | <b>113,961</b>  |

\* Adjustments as at date of transition  
\*\* Cumulative adjustments as at date of transition plus the year ended 30 June 2005

| Reconciliation of Surplus/Deficit Under AGAAP to Surplus/Deficit Under AEIFRS: |      |              |
|--|------|--------------|
| Year ended 30 June 2005  | Note | \$'000       |
| <b>Surplus/Deficit under AGAAP</b>   |      | <b>1,667</b> |
| Defined benefit superannuation   | 1    | (325)        |
| <b>Surplus/Deficit under AEIFRS</b>  |      | <b>1,342</b> |

**Notes to tables above**

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

**[End of Audited Financial Statements]**

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# ACCESS TO SERVICES

## STREET ADDRESS:

Level 14, 31 Market Street

Sydney NSW 2000

## POSTAL ADDRESS:

PO Box Q339

QVB POST SHOP NSW 1230

## KEY TELEPHONE NUMBERS:

|                                   |                |
|-----------------------------------|----------------|
| Switchboard                       | (02) 9260 2000 |
| General Manager                   | (02) 9260 2001 |
| Director Business Operations      | (02) 9260 2002 |
| Financial Controller              | (02) 9260 2006 |
| Manager Property and Construction | (02) 9260 2003 |
| Manager Tenancies                 | (02) 9260 2011 |
| Tenancy Officer Operations        | (02) 9260 2010 |
| Manager Planning and Liaison      | (02) 9260 2025 |
| Toll Free                         | 1300 137 343   |
| Facsimile                         | (02) 9261 4227 |

## TENANCY OFFICERS

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

## EMAIL:

thastaff@tha.nsw.gov.au

## INTERNET:

www.tha.nsw.gov.au

## BUSINESS HOURS:

Monday to Friday 8.30 am-4.30 pm

