

Teacher Housing Authority of NSW

Annual Report 2018-19

- Financial statements for the year ended 30 June 2019
- Statutory information



Property
NSW

Teacher Housing Authority of NSW
Level 4, 66 Harrington Street, Sydney NSW 2000
PO Box N408, Grosvenor Place NSW 1220
Tel 02 8276 8000 | www.property.nsw.gov.au

The Hon. Melinda Pavey, MP
Minister for Water, Property and Housing
GPO Box 5341
SYDNEY NSW 2001

Dear Minister

Teacher Housing Authority of NSW Annual Report 2018-19

I am pleased to submit the Annual Report for Teacher Housing Authority of NSW, for the year ended 30 June 2019, for presentation to Parliament.

This report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984*, the *Public Finance and Audit Act 1983* and regulations under those Acts.

Yours sincerely

Adam Howarth
Chairperson, THA

Gregory Phipson
Director, Housing Services
Housing and Property Group

27 September 2019

Contents

Contents	3
1. Charter	4
2. Aims and objectives	4
3. Access.....	4
4. Management and structure.....	4
5. Summary review of operations.....	7
6. Management and activities	7
7. Human resources	8
8. Workforce Diversity	10
9. Disability inclusion action plans	11
10. Consumer response	11
11. Payment of accounts.....	13
12. Risk management and insurance activities.....	14
13. Internal Audit and Risk Management Attestation Statement for 2018-19 Financial Year	16
14. Digital information security policy attestation	18
15. Multicultural Policies and Services Program.....	18
16. Work Health and Safety (WHS).....	19
17. Budgets	20
18. Additional matters for inclusion	21
19. Numbers and remuneration of senior executives	21
20. Credit card certification	21
21. Government information (Public Access) Act 2009	21
22. Public Interest Disclosures	22
23. Exemptions and nil reports	22

1. Charter

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

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

- initiates, promotes, commissions and undertakes surveys and investigations into the housing needs of teachers;
- undertakes, promotes and encourages research into the design, construction and maintenance of housing suitable for teachers;
- plans the provision of a comprehensive and coordinated housing service for teachers throughout rural and remote NSW;
- 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.

2. Aims and objectives

The aims and objectives of the THA are to provide:

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

3. Access

Teacher Housing Authority of NSW
66 Harrington Street, Sydney NSW 2000
PO Box N408, Grosvenor Place NSW 1220
T: 02 8276 8000
housingservices@property.nsw.gov.au
<https://www.property.nsw.gov.au/housing-services>

Core business hours are 8:30am – 4.30pm Monday to Friday.

4. Management and structure

From 1 July 2019, THA becomes part of the Housing and Property Group in the Department of Planning, Industry and Environment.

Prior to 1 July 2019, THA was part of the Property and Advisory Group within the Department of Finance, Services and Innovation.

The THA, as an entity, retains its statutory role. Under the *Teacher Housing Authority Act 1975*, THA Board members are responsible for determining policies and ensuring its activities are carried out properly and efficiently.

The Director, Housing Services, Housing and Property Group, controls and manages THA activities.

THA's functions are carried out by the Housing Services team. Housing Services also undertakes the management of New South Wales Police Force housing.

Method and term of appointment of THA Board Members

The seven members of the THA Board are appointed in accordance with Section 7 of the *Teacher Housing Authority Act 1975*. Four are appointed by the Governor, and three are ex officio. Of the four members appointed by the Governor:

- one was nominated by the then Minister for Family and Community Services (and is Deputy Chairperson);
- one was nominated by the Secretary, Department of Education (DoE), being an officer of that department serving in the western or north-western region of the State;
- one was nominated by the Managing Director of the NSW TAFE Commission, being a senior financial manager of that Commission; and
- one was nominated by the Minister for Education on the recommendation of the NSW Teachers' Federation.

Of the three ex-officio members:

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

Members may be appointed for a term of up to five years and may be reappointed after the completion of a five-year term under Section 10(1) of the *Teacher Housing Authority Act 1975*.

THA Board Members

Adam Howarth

Executive Director, Portfolio Management Group, Property NSW

Chairperson (March 2019 - current). Nominee of the then Secretary of the Department of Finance, Services and Innovation.

Catrina Kim

BArch, BSc (Arch)

Director Assets, Land and Housing Corporation, Department of Family and Community Services

Deputy Chairperson (September 2018 - current). Nominee of the then Minister for Family and Community Services.

Richard Wiseman

BA Arts, DipEd

Organiser, Riverina Area, Teachers Federation of NSW

Member (May 2017 - current). Nominee of the Minister for Education, on the request of the NSW Teachers' Federation.

Rian Thompson

MappFin, BEcon

A/Director Strategy & Governance, Human Resources, Department of Education

Member (March 2019 - current). Nominee of the Secretary of the Department of Education.

James Mills

BEcon.

Senior Finance Business Partner – West Region TAFE NSW

Member (November 2017 - current). Nominee of the Managing Director of TAFE NSW.

Adelia Fuller

BA, Dip Ed

Director, Educational Leadership, Macquarie Schools Network, Department of Education

Member (June 2019 – current), Nominee of the Secretary of the Department of Education.

Greg Phipson

AAPI

Director, Housing Services

Executive Member (February 2017 - current)

THA Board Members Resigned During 2018 – 2019**Brett Newman**

MBA, LL.M, LL.B, BEc

Deputy Secretary, Property and Advisory Group**Chief Executive Officer, Property NSW**

Chairperson (August 2013 – March 2019)

Kelly Edmunds

BA, Dip Ed, Med

Director Recruitment and Employment, Department of Education

Member (September 2016 – January 2019)

Denis Armstrong

BA, Dip Ed, Med

Director Recruitment and Employment, Department of Education

Member (September 2016 – October 2018)

Authority meetings

The THA Board met on four occasions during 2017/18. Board member attendance was as follows:

Board member	Eligible to Attend	Attended
Brett Newman	2	0
Adam Howarth	2	1
Catrina Kim	3	3
Dennis Armstrong	1	0
Kelly Edmunds	2	2
Richard Wiseman	4	3
James Mills	4	3
Rian Thompson	2	2
Adelia Fuller	0	0
Greg Phipson	4	4

5. Summary review of operations

As at 30 June 2019, the THA portfolio consisted of 1,319 properties, comprising of 1,294 dwellings and 25 parcels of vacant land. Included in the 1,319 properties are 104 dwellings owned by the DoE and managed by THA. During the year, the average occupancy rate was 83.5 per cent.

The teacher utilisation rate, a more accurate efficiency indicator, increased from 73.4 per cent to 76.6 per cent.

Where a property is vacant due to a lack of teacher demand, extracted for development or refurbishment, or intentionally left vacant as it is earmarked for disposal, the THA (through its managing agents) may lease it to a private tenant.

THA completed refurbishment of 31 residences for a total cost of \$3.1 million in 2018-19.

Eleven properties, deemed surplus to needs, were sold during the year, contributing \$1.6 million towards the supply of new teacher housing.

A total of \$4.4 million was spent in 2018-19 on refurbishments of existing properties, asset condition assessment program and Hazmat audits.

6. Management and activities

The THA continues to support DoE by providing teachers with quality housing services in 200 rural and remote communities where the private rental market is unable to meet their accommodation needs.

The THA meets with the DoE on a quarterly basis to establish:

- Teacher demand from vacant roles and recruitment activity
- Teacher demographics used to aid in determining the type of accommodation needed
- Any requirements for housing because of special programs

This process assists THA in prioritising housing needs and identification of surplus accommodation for possible disposal. Funds received from disposals are reinvested back into the portfolio.

Major achievements in 2018-19 include:

- Completion of three capital work projects in Trundle, Coonabarabran and Brewarrina totalling \$3.6m
- 28 properties added to the portfolio through construction and acquisition
- Completion of the refurbishment program for 31 properties totalling \$3.1 million
- Development of the Housing Services portal project to improve the tenant application and maintenance process (target delivery October 2019)
- Completion of the annual customer survey for teachers
- Disposal of 11 properties for a total of \$1.6m
- Issue of new agency agreements to our local agent network
- Introduction of the WHS pack to agents and subsequent audit program
- Establishment of the Queanbeyan based office, including Housing Services officers, contributing to a Government election undertaking
- Upgrade and roll out of new telephony contact centre

7. Human resources

Employment Statistics (# of FTE)

Division	2015 ^{1,2}	2016 ^{1,2}	2017 ^{1,2}	2018 ^{1,2}	2019 ^{1,2,73}
Senior Executive	-	-	1.0	1.0	1.0
Senior Officer	1.0	1.0	-	-	-
Ongoing	14.3	15.0	11.0	12.0	14.0
Temporary	2.1	1.0	1.0	2.0	1.0
Total	17.4	17.0	13.0	15.0	16.0

	2018 ^{4,5,6}				2019 ^{4,5,6}			
Senior Executive Band	Female	Male	Total	% Representation by Women	Female	Male	Total	% Representation by Women
Band 4 (Secretary)	0	0	0	0%	0	0	0	0%
Band 3 (Deputy Secretary)	0	0	0	0%	0	0	0	0%
Band 2 (Executive Director)	0	0	0	0%	0	0	0	0%
Band 1 (Director)	0	1	1	0%	0	1	1	0%
Total	0	1	1	0%	0	1	1	0%

¹ Full time equivalent staff (excludes chairpersons, casuals, contractor/agency staff, statutory appointments, trustees, council committee members, staff on secondment to other agencies and staff on long term leave without pay).

² Statistics are based on Workforce Profile census data as at 18 June 2015, 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.

³ Staff numbers exclude team members allocated to managing the NSW Police Force residential assets

⁴ Senior Executive statistics exclude casuals, contractor/agency staff, statutory appointments, staff on secondment to other agencies and staff on long term leave without pay.

⁵ Statistics are based on Workforce Profile census data as at 29 June 2017, 28 June 2018 and 27 June 2019.

⁶ All employees reported in 2018 and 2019 are appointed under the Government Sector Employment Act. Salary band based on current assignment including those on a temporary above level assignment for more than two months.

	2018 ⁷		2019 ⁷	
Senior Executive Band	Range \$	Average Remuneration \$	Range \$	Average Remuneration \$
Band 4 (Secretary)	463,551 - 535,550	0	475,151 - 548,950	0
Band 3 (Deputy Secretary)	328,901 - 463,550	0	337,101 - 475,150	0
Band 2 (Executive Director)	261,451 - 328,900	0	268,001 - 337,100	0
Band 1 (Director)	183,300 - 261,450	221,916	187,900 - 268,000	227,463

Employee related costs

Employee related costs 2018-19	Amount
Executive	\$227,463
Non-Executive	\$1,365,984
Total	\$1,593,447
Ratio Senior Executive	14.3%

In 2018-19, 14.3% of employee related expenditure was for senior executives, compared with 2017/18 which was 14.1%.

⁷ Salary ranges effective at the Workforce Profile census dates of 29 June 2017, 28 June 2018 and 27 June 2019.

8. Workforce Diversity

Trends in the Representation of Workforce Diversity Groups					
Workforce Diversity Group	Benchmark	2016 ^{8,9}	2017 ^{8,9}	2018 ⁸	2019 ⁸
Women ¹⁰	50%	73.7%	57.1%	60.0%	68.8%
Aboriginal People and/or Torres Strait Islander People ¹¹	3.3%	0.0%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English ¹²	22.3%	52.5%	35.7%	26.7%	12.5%
People with a Disability ¹³	5.6%	0.0%	0.0%	0.0%	0.0%
People with a Disability Requiring Work-Related Adjustment ¹³	N/A	0.0%	0.0%	0.0%	0.0%

Trends in the Distribution of Workforce Diversity Groups					
Workforce Diversity Group	Benchmark ^{14,15}	2016	2017	2018	2019
Women	100	N/A	N/A	N/A	N/A
Aboriginal People and/or Torres Strait Islander People	100	N/A	N/A	N/A	N/A
People whose First Language Spoken as a Child was not English	100	N/A	N/A	N/A	N/A
People with a Disability	100	N/A	N/A	N/A	N/A
People with a Disability Requiring Work-Related Adjustment	100	N/A	N/A	N/A	N/A

⁸ Statistics are based on Workforce Profile census data as at 30 June 2016, 29 June 2017, 28 June 2018 and 27 June 2019.

⁹ Workforce diversity statistics for 2016 and 2017 reflect the current composition of the department and may vary from those reported in previous annual reports.

¹⁰ The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

¹¹ The NSW Public Sector Aboriginal Employment Strategy 2014 – 17 introduced an aspirational target of 1.8% by 2021 for each of the sector's salary bands. If the aspirational target of 1.8% is achieved in salary bands not currently at or above 1.8%, the cumulative representation of Aboriginal employees in the sector is expected to reach 3.3%.

¹² A benchmark from the Australian Bureau of Statistics (ABS) Census of Population and Housing has been included for People whose First Language Spoken as a Child was not English. The ABS Census does not provide information about first language but does provide information about country of birth. The benchmark of 22.3% is the percentage of the NSW general population born in a country where English is not the predominant language.

¹³ In December 2017, the NSW Government announced the target of doubling the representation of people with disability in the NSW public sector from an estimated 2.7% to 5.6% by 2027. More information can be found at: Jobs for People with Disability: A plan for the NSW public sector. The benchmark for 'People with Disability Requiring Work-Related Adjustment' was not updated.

¹⁴ A Distribution Index score of 100 indicates that the distribution of members of the Workforce Diversity group across salary bands is equivalent to that of the rest of the workforce. A score less than 100 means that members of the Workforce Diversity group tend to be more concentrated at lower salary bands than is the case for other staff. The more pronounced this tendency is, the lower the score will be. In some cases, the index may be more than 100, indicating that members of the Workforce Diversity group tend to be more concentrated at higher salary bands than is the case for other staff.

¹⁵ The Distribution Index is not calculated when the number of employees in the Workforce Diversity group is less than 20 or when the number of other employees is less than 20.

9. Disability inclusion action plans

As part of DFSI, the THA supports the department's Disability Inclusion Action Plan 2015-18. The plan sets out how DFSI will work towards:

- the development of positive community attitudes and behaviours towards people with a disability;
- the creation of more liveable communities for people with a disability;
- the achievement of a higher rate of meaningful employment participation by people with a disability through inclusive employment practices; and
- more equitable access to mainstream services for people with a disability through better systems and processes.

10. Consumer response

Extent and main features of complaints

THA introduced a Customer Satisfaction (CSAT) Survey in 2018, in addition to its existing quarterly Net Promoter Score (NPS) Survey. The members of THA agreed to phase out the NPS survey during the year.

CSAT Survey

In May 2019, THA issued 962 surveys to teacher tenants. The depth of the survey questions related to levels of satisfaction with the managing agent, the property and service delivery of THA, and the quality and condition of the properties. There were 337 respondents, giving a response rate of 35%. THA received a satisfaction score of 62 from the possible 100. The issues below have been observed by the survey:

- a high number of respondents who believe it takes too long to have maintenance issues rectified
- occupants in ageing properties have raised areas of improvement such as worn carpets, worn furniture, painting, security and gardens
- contacting THA is difficult and response to email and phone calls by THA takes too long
- inadequate heating and cooling, however the number of issues has reduced from prior year

NPS Survey

The NPS has been used to measure customer satisfaction since 2015 and was completed each quarter. The survey ceased being used as a measure from 1 January 2019.

The NPS survey only targeted new tenants for the quarter 31 December 2018.

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

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

Item	Jul-Sep 2018	Oct-Dec 2018
Surveys sent	76	70
Responses/response rates	35 (50%)	36 (51%)
Margin of error (at 95% interval)	13	13.1
Detractors (1-6)	9 (26%)	9 (25%)
Passives (7-8)	14 (40%)	14 (39%)
Promoters (9-10)	12 (34%)	13(36%)
Comments received	17 (49%)	15 (50%)
Net Promoter Score (Promoters minus Detractors)	+9	+11

Services improved/changed in response to surveys

In 2018-19 THA commenced work to address customer concerns and has initiated the following:

- a customer portal, that streamlines the tenant housing application process and provides teachers with portfolio location details;
- review of heating and cooling systems and development of a plan to address the weather extremes experienced in rural and remote NSW;
- reduction in the repair and maintenance response times and the implementation of a streamlined, responsive escalation channel;
- introduction of a community visit program where THA will visit all represented (200) communities in 2019 calendar year; and
- review and update of finishes and furniture guidelines for implementation by our technical and tenancy teams.

11. Payment of accounts

The table below highlights Teacher Housing Authority's account payment performance for 2018-19.

ACCOUNT PAYMENT PERFORMANCE THA ENTITY - ALL PAYMENTS AS AT 2018-19	FULL YEAR				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
ALL SUPPLIERS					
Value of Invoices Paid (\$'000)					
Paid Before Due	7,294	3,317	2,225	4,701	17,537
<30 Days Overdue	747	155	543	534	1,979
>30<60 Days Overdue	62	60	95	106	323
>60<90 Days Overdue	64	271	10	29	374
>90 Days Overdue	68	33	34	85	220
Total Value of Invoices Paid (\$'000)	8,235	3,836	2,907	5,455	20,433
% Paid on Time - By Value	89%	86%	77%	86%	86%
Number of Invoice Paid					
Paid Before Due Date	5,935	5,028	4,817	5,025	20,805
Paid Past Due Date	302	267	141	343	1,053
Total Number of Invoices Paid	6,237	5,295	4,958	5,368	21,858
% Paid on Time - By Number	95%	95%	97%	94%	95%
Interest Paid					
Number of Payments for Interest on:					
Overdue Invoices	-	-	-	-	-
Interest Paid on Over due Invoices	-	-	-	-	-
SMALL BUSINESS SUPPLIERS					
Value of Invoices Paid (\$'000)					
Paid Before Due Date	-	1	43	69	113
<30 Days Overdue	-	9	2	16	27
>30<60 Days Overdue	-	-	26	3	29
>60<90 Days Overdue	-	-	-	3	3
>90 Days Overdue	-	-	3	4	7
Total Value of Invoices Paid (\$'000)	-	10	74	95	179
% Paid on Time - By Value	-	10%	58%	73%	63%
Number of Invoices Paid					
Paid Before Due Date	-	3	41	18	62
Paid Past Due Date	-	5	23	31	59
Total Number of Invoices Paid	-	8	64	49	121
% Paid on Time - By Number	-	38%	64%	37%	51%
Interest Paid					
Number of Payments for Interest on:					
Overdue Invoices	-	-	-	-	-
Interest Paid on Over due Invoices	-	-	-	-	-

12. Risk management and insurance activities

Risk Management

The Teacher Housing Authority (THA) constantly monitors its environment to assess the risks in its operations, long term strategy and uses its resources in conjunction with the Governance, Risk and Compliance team (GRC) to manage these risks. THA's approach to risk management seeks to balance risk, cost and growth for the benefits of its stakeholders, through:

- Adopting the DFSI Integrated Risk & Opportunity Management Policy, Risk and Resilience Framework to manage strategic and business risks, which is consistent with THA's objectives and responsibilities to its stakeholders
- Development of Risk Management guidelines to support the implementation of the DFSI Framework
- Assessing the impact of proposed changes to laws, regulations and industry codes
- Reporting risks to the Audit and Risk Committee, relevant Boards, Executive Committee and senior leadership team

The DFSI Risk and Resilience Framework has been developed in alignment with:

- NSW Treasury Policy Paper (TPP- 15-03): *Internal Audit and Risk Management Policy for NSW Public Sector*, and
- Australian/New Zealand Risk Management Standard (AS/NZS ISO31000:2009): *Risk Management Principles and Guidelines*.

Key achievements during 2018-19

- Integration of risk management with strategic and business planning processes
- Integrated risk management system
- Effective risk governance and reporting (strategic & operational risk)
- Successfully conducted Business Continuity desktop walkthrough exercise and semi-annual call-tree test
- Completed annual compliance attestation towards mandatory legislative obligations

Insurance Arrangements and Activities

During the period 2018-19, the THA had insurance arrangements in place for all its assets and major risk. Insurable risk cover was provided through participation in the NSW Treasury Managed Fund (TMF), a NSW Government self-insurance scheme. Insurable risk exposures covered through the TMF includes:

- Workers compensation
- Legal including liability classes like public liability, products liability, professional indemnity, directors and officer liability
- Property including buildings, plant, equipment, and consequential loss
- Motor vehicle
- Other miscellaneous losses, such as the cost of employee dishonesty, personal accident and protection for overseas travel.

The main exposures that are not included are:

- illegal activities
- wear and tear, and inherent vice (Note: *Inherent Vice is an exclusion found in most property insurance policies eliminating coverage if there is a hidden defect in a good or property which causes or contributes to its deterioration, damage, or wastage*)
- pollution (not being sudden and accidental pollution)

Number of claims and net incurred cost

Insurance claims and net incurred cost for THA for financial year 2017 - 18 and 2018 - 19 are shown in the table below.

	Number of Claims		Net incurred cost (\$)	
	2017-18	2018-19	2017-18	2018-19
Workers Comp	-	-	-	-
Property	31	0	\$1,136,384	0
Liability	-	-	-	-
Motor vehicle	-	-	-	-
Miscellaneous	-	-	-	-
Total	31	0	\$1,136,384	0

Property and Advisory Group Audit and Risk Committee (ARC)

THA had an ARC in place during 2018-19 financial year. The ARC provides independent assistance to the following participating entities by monitoring, reviewing and providing advice about their governance processes, risk management and control framework, and their external accountability requirements.

The above participating entities have entered into a collaborative shared arrangement and have established a shared Audit and Risk Committee in compliance with:

- NSW Treasury Policy Paper (TPP15-03): *Internal Audit and Risk Management Policy for NSW Public Sector*, and
- NSW Treasury Policy Paper (TPP16-02): *Guidance on Shared Arrangements and Subcommittees for Audit and Risk Committees*.

The committee met seven times during the 2018-19 financial year.

DFSI, while not a participating entity, has a special role in providing audit, risk and secretariat services to the committee and the participating entities. This shared arrangement aims to maintain an appropriate level of internal oversight for all participating entities in assurance and independent advice, while minimising the associated administration, financial costs and resources.

Membership

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

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021
- Nirmal Hansra, Independent Member, from 20 December 2017 to 19 December 2020

13. Internal Audit and Risk Management Attestation Statement for 2018-19 Financial Year

Internal Audit and Risk Management Attestation Statement for the 2018-2019 Financial Year for the Teacher Housing Authority of New South Wales

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

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

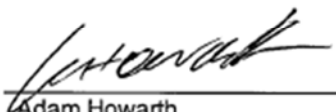
Membership

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

- Carol Holley, Independent Chair, from 2 December 2015 to 1 December 2020
- Dianne Hill, Independent Member, from 1 February 2016 to 31 January 2021
- Nirmal Hansra, Independent Member, from 21 December 2017 to 20 December 2020.

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

- Luna Park Reserve Trust
- Place Management NSW
- Property NSW
- Teacher Housing Authority of New South Wales
- Waste Assets Management Corporation.



Adam Howarth
Chairperson
Teacher Housing Authority of New South Wales

Date: 16/07/19

Agency Contact Officer
Andrew Pilbeam
Chief Audit Executive, 9219 3077
andrew.pilbeam@finance.nsw.gov.au

14. Digital information security policy attestation

Cyber Security Annual Attestation Statement for the 2018-2019 Financial Year for Teacher Housing Authority

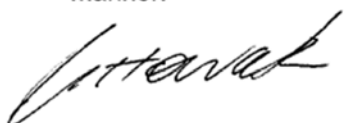
I, Adam Howarth, am of the opinion that the Teacher Housing Authority has managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Risks to the information and systems of the Teacher Housing Authority have been assessed and are managed.

Governance is in place to manage the cyber-security maturity and initiatives of the Teacher Housing Authority.

There exists a current cyber incident response plan for Teacher Housing Authority which has been tested during the reporting period.

An independent review/audit/certification of the Agency's ISMS or effectiveness of controls or reporting against the mandatory requirements of the NSW Cyber Security Policy was undertaken by Protiviti and found to be adequate or being properly addressed in a timely manner.



Adam Howarth
Chairperson
Teacher Housing Authority

15. Multicultural Policies and Services Program

As part of PAG, the THA has multicultural policies and service programs guided by DFSI's Diversity and Inclusion Strategy, Aboriginal Workforce Strategy, Disability Inclusion Action Plan and the Government Sector Employment Act 2013, which prioritises diversity in the workforce.

At an agency level, PAG promotes multiculturalism and diversity through a range of initiatives, including, but not limited to:

- Supporting NAIDOC Week through a series of events and initiatives, including a public ceremony featuring members of the Metropolitan Aboriginal Land Council
- Promoting diversity initiatives, including 'Wear it Purple Day', to support the LGBTQI+ community
- Establishment of the Women's Network 'ICAN'
- Events held for International Day for People with Disability, International Women's Day, Pride and Harmony Day
- The establishment of a Diversity Working Group within PAG, with an initial focus on women in leadership, and improving PAG's performance against key metrics including Indigenous, English as a second language and disability employee representation

In addition, the PAG revised Corporate Plan includes a new KPI that women represent at least 35 per cent of the leadership team, an interim milestone to achieving DFSI's target of 50 per cent of women in leadership roles

16. Work Health and Safety (WHS)

In 2018-19, Property NSW continued to take a proactive approach in managing the safety of all employees, other workers and visitors to its properties, sites and activations.

Specific PAG WHS activities undertaken in 2018-19 include:

- Successfully rolled-out of the Integrum incident management system to whole of PAG
- Significant reduction in staff-related WHS injuries as THA is no longer the Person Conducting a Business or Undertaking (PCBU)
- Commenced trend analysis of incidents, monitoring of Contractor WHS activities and assessment of WHS risks across Property NSW
- Participating in the Harrington St Operational Readiness Working Group
- Conducted regular fire and shelter in place drills and organising training for fire wardens
- Assisting in the coordination of health and wellbeing initiatives such as the flu vaccination program
- Providing support to First Aid officers with regular training and consultation
- Successfully conducted semi-annual call-tree test as part of the business continuity to validate the currency of staff details

WHS incidents – Teacher Housing Authority

There were ZERO WHS incidents reported during the period 2018-19.

There were no SafeWork NSW notifiable incidents or dangerous occurrences affecting staff.

WHS induction and training

PAG staff members were required to complete two WHS mandatory courses:

- Introduction to Health and Safety; and
- WHS Due Diligence for managers.

As of 30 June 2019, there was 100 per cent course completion by eligible workers across the group.

WHS consultation

The WHS Consultative Committee has continued to be active in consultation upon WHS issues.

- The PAG WHS Committee reviewed and approved a number of updated Safe Operating Procedures coinciding with the roll out of the Integrum Incident Management software system
- Improved staff participation in WHS consultation via effective WHS committee and Health & Safety Representative (HSR)
- Conducted WHS Forum during a Safety week program that included an awareness session on Mental health

- Conducted executive interactions with Senior Managers to demonstrate leadership by example and increase safety awareness

Delivered timely WHS information with staff via multiple means of communication to raise awareness.

17. Budgets

Performance against budget

Teacher Housing Authority (THA) continues to deliver accommodation to teachers in rural areas within tight capital and operating expenditure budgets. THA finished the year with a net operating result of \$5.5 million.

Excluding non-cash depreciation, the operating shortfall of the business is supported by a cash grant from Department of Education (DoE).

Budget overview

THA's total budgeted revenue of \$17.2 million in 2019/20 is made up of:

- rental income of \$10.4 million generated from a property portfolio of over 1,200 residences;
- a grant from the DoE for \$0.6 million towards the maintenance of DoE owned residences; and
- a government contribution of \$6 million delivered via the DoE; and interest of \$0.1 million.

THA is forecasting to have a net result of a \$6.8 million deficit principally made up of non-cash depreciation and additional property maintenance in 2019-2020.

Teacher Housing Authority	2017/18 actual \$'000	2018-19 actual \$'000	2018-19 budget \$'000	2018-19 variance \$'000	2019/20 budget \$'000
Expenses	21,189	22,660	22,352	308	24,421
Revenues	17,104	17,175	17,319	(144)	17,462
Other gains/(losses)	(209)	(25)	42	(67)	94
Net operating result - surplus/(deficit)	(4,294)	(5,510)	(4,991)	(519)	(6,865)

18. Additional matters for inclusion

Privacy and Personal Information Protection Act 1998 (PIIP Act)

The *Privacy and Personal Information Protection (PIIP) Act 1998* contains 12 information protection principles regulating the collection, use and disclosure of personal information by NSW public sector agencies. These principles ensure that agencies collect personal information for lawful purposes, and that such information is protected from misuse and unauthorised release.

NSW Government agencies are required to prepare and implement a privacy management plan in accordance with section 33(1) of the *Privacy and Personal Information Protection Act 1998*.

Additional information about how Property NSW, under which THA has been consolidated, manages its obligations under the PIIP Act is available at <https://www.property.nsw.gov.au/government-property-nsw-privacy-statement>.

Accessing this report

This report can be accessed at <https://www.property.nsw.gov.au/about-us>

19. Numbers and remuneration of senior executives

See Human Resources above.

20. Credit card certification

In accordance with Treasurer's Direction 205.01, credit card usage at the Teacher Housing Authority during the reporting period was in accordance with relevant Government policy, Premier's Memoranda and Treasurer's Directions.

21. Government information (Public Access) Act 2009

The *Government Information (Public Access) Act 2009* (GIPA Act) requires NSW Government agencies to make mandatory disclosures of information, encourages proactive releases of information and provides mechanisms for individuals to apply to access government information.

More information on how to access department information is available at <https://www.finance.nsw.gov.au/accessing-ofs-information/how-can-i-access-ofs-information>.

Statistical information relating to formal applications under the GIPA Act is provided in the DFSI Annual Report Government Information (Public Access) statistics.

Review of proactive release program

Under section 7(3) of the GIPA Act, agencies must review their proactive release of government information program at least once every 12 months.

The THA complies with this Act by proactively releasing information via the Property NSW website

<https://www.property.nsw.gov.au/housing-services>

22. Public Interest Disclosures

As staff members are employees of DFSI, THA has adopted and adhered to the DFSI Fraud and Corruption Internal Reporting Policy. All staff members are advised of this policy by means of the Code of Conduct and intranet access.

There were no public interest disclosures made by THA officials for the period 1 July 2018 to 30 June 2019.

23. Exemptions and nil reports

Reporting requirement	Reason for exemption
Consultants	The Teacher Housing Authority did not engage consultants during 2018-19.
Legal changes	There were no changes to the THA's legislation during 2018-19.
Economic or other factors	There were no economic factors affecting THA's operational objectives.
Research and development	No research and development conducted during 2018-19.
Funds granted to non-government community organisations	The THA does not grant funds to non-government community organisations.
Disclosure of controlled entities	The THA does not control any entities of the kind referred to in section 39 (1A) of the <i>Public Finance and Audit Act 1983</i> .
Disclosure of subsidiaries	The THA does not control or hold shares in any subsidiaries within the meaning of the <i>Corporations Act 2001</i> .
Implementation of price determination	The THA was not subject to an IPART determination or recommendation.
Land disposal	No properties with a value greater than \$5 million were disposed of by the Authority during 2018-19. The THA keeps a register of government contracts. All contracts greater than \$150,000 are released on the site https://tenders.nsw.gov.au/ .
Promotion	No Board or staff member travelled overseas on official business during 2018-19.
Investment Performance	All THA investment powers are in accordance with Part 1 of Schedule 4 of the <i>Public Authorities (Financial Arrangements) Act 1987</i> . However, all cash reserves are held in Treasury Banking System (TBS) bank accounts.
Liability management performance	Not applicable, as the THA does not have a level of debt greater than \$20 million.
Agreements with Multicultural NSW	The THA does not have any agreements with Multicultural NSW.
Requirements arising from employment arrangements	N/A

Teacher Housing Authority of NSW

Annual Report 2018-19

- Financial statements for the year ended 30 June 2019



INDEPENDENT AUDITOR'S REPORT

Teacher Housing Authority of NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Teacher Housing Authority of NSW (the Authority), which comprises the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

Other Information

The Authority's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Members of the Authority are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprises the Statement by Members.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Members' Responsibilities for the Financial Statements

The Members are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the Member's determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

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



Nathan Carter
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY

Teacher Housing Authority of NSW

Financial Statements

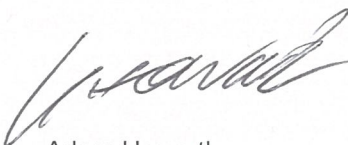
For the Year Ended 30 June 2019

Statement by Members

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, we declare on behalf of the Teacher Housing Authority of NSW, that in our opinion:

- (a) The accompanying financial statements exhibit a true and fair view of the Authority's financial performance for the financial year ended 30 June 2019 and financial position as at 30 June 2019; and
- (b) The financial statements comply with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2015* and, the Financial Reporting Directions mandated by the Treasurer.

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



Adam Howarth
Chair



Gregory Phipson
Director, Housing Services

Date: 27 September 2019

Date: 27 September 2019

TEACHER HOUSING AUTHORITY OF NSW

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Actual 2019 \$'000	Actual 2018 \$'000
Continuing Operations			
Expenses excluding losses			
Operating Expenses:			
Property maintenance	2(a)	8,607	7,649
Property rates	2(b)	2,657	2,423
Other operating expenses	2(c)	5,517	5,795
Depreciation expense	2(d)	5,879	5,322
Total Expenses Excluding Losses		22,660	21,189
Revenue			
Sale of goods and services	3(a)	10,422	10,291
Investment revenue	3(b)	126	187
Service payment	3(c)	6,627	6,626
Total Revenue		17,175	17,104
Gain/(loss) on disposal of non-current assets	4(a)	(25)	(209)
NET RESULT		(5,510)	(4,294)
Other comprehensive income			
Items that will not be reclassified to the net result:			
Net increase/(decrease) in property, plant and equipment revaluation surplus	8(b)	4,022	9,364
Total other comprehensive income		4,022	9,364
TOTAL COMPREHENSIVE INCOME		(1,488)	5,070

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	Actual 2019 \$'000	Actual 2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	6,888	9,456
Receivables	6	670	487
Non-current assets held for sale	7	990	1,421
Total Current Assets		8,548	11,364
Non-Current Assets			
Property, plant and equipment	8	166,952	163,528
Total Non-Current Assets		166,952	163,528
TOTAL ASSETS		175,500	174,892
LIABILITIES			
Current Liabilities			
Payables	10	4,735	2,639
Total Current Liabilities		4,735	2,639
TOTAL LIABILITIES		4,735	2,639
NET ASSETS		170,765	172,253
EQUITY			
Asset Revaluation Reserve	11(a)	105,689	101,644
Accumulated Funds	11(b)	65,076	70,609
TOTAL EQUITY		170,765	172,253

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at 1 July 2018		70,609	101,644	172,253
Net Result for the Year		(5,510)	-	(5,510)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment revaluation surplus	8(b)	-	4,022	4,022
Transfer from asset revaluation reserve on disposal of property, plant and equipment	11(a)	(23)	23	-
Total other comprehensive income		(23)	4,045	4,022
Total comprehensive income for the		(5,533)	4,045	(1,488)
Balance at 30 June 2019		65,076	105,689	170,765
Balance at 1 July 2017		73,580	93,603	167,183
Net Result for the Year		(4,294)	-	(4,294)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment revaluation surplus	8(b)	-	9,364	9,364
Transfer from asset revaluation reserve on disposal of property, plant and equipment	11(a)	1,323	(1,323)	-
Total other comprehensive income		1,323	8,041	9,364
Total comprehensive income for the Year		(2,971)	8,041	5,070
Balance at 30 June 2018		70,609	101,644	172,253

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Actual 2019 \$'000	Actual 2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Property and Administration		(14,623)	(15,585)
Total Payments		(14,623)	(15,585)
Receipts			
Rental Income		10,180	10,258
Investment Income		126	187
Service payment		6,627	6,626
Total Receipts		16,933	17,071
NET CASH FLOWS FROM OPERATING ACTIVITIES	5(b)	2,310	1,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Disposal of Non-Current Assets		1,503	1,092
Purchases of Property, Plant and Equipment		(6,381)	(4,183)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(4,878)	(3,091)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,568)	(1,605)
Opening Cash and Cash Equivalents		9,456	11,061
CLOSING CASH AND CASH EQUIVALENTS	5(a)	6,888	9,456

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Teacher Housing Authority of NSW (the Authority) was established under the Teacher Housing Authority Act 1975 (THA Act). The Authority's principal objective is to provide and maintain suitable and adequate housing accommodation for NSW teachers. The provision of housing accommodation is one of several incentives which assist the Department of Education in attracting and retaining teachers in parts of NSW where the private rental market is considered to be inadequate to suit their needs.

The Authority has assessed its profit status for the period ended 30 June 2019 and determined its status as not-for-profit for financial reporting purposes, as profit is not its principle objective. The Authority is consolidated as part of the NSW Total State Sector Accounts.

The Authority commenced operations in 1975 and is domiciled in Australia. Its principal business address is Foreshore House, 66 Harrington St, The Rocks, Sydney NSW 2000.

These financial statements have been authorised for issue by the Authority's Board on 27 September 2019.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015; and
- Financial Reporting Directions mandated by the Treasurer.

Property, Plant and Equipment, Non-Current Assets Held for Sale and Other Non-Current Assets are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

In the application of the Authority's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are recognised, or in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements, key assumptions and estimations made by management are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars (\$'000) and are expressed in Australian currency.

(c) Statement of Compliance

The financial statements and accompanying notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

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

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

(e) Comparative Information

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

(f) Fair Value Measurement and Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

Level 1 – quoted prices in active markets for identical assets/liabilities that the Authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer to Notes 9 and 12 for further disclosures regarding fair value measurements of financial and non-financial assets.

(g) Changes in Accounting Policy including New or Revised Australian Accounting Standards

(i) Effective for the First Time in 2018-19

The accounting policies applied in 2018-19 are consistent with those of the previous financial year except as a result of the following revised Australian Accounting Standard that has been applied for the first time in 2018-19:

- AASB 9 “Financial Instruments”. The adoption of AASB 9 has fundamentally changed the Authority's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking Expected Credit Loss (ECL) approach. AASB 9 requires the Authority to recognise an allowance for ECLs for all debt instruments not held at fair value through profit and loss and contract assets.

The adoption of the above revised Australian Accounting Standard has not had any significant impact on the Authority.

(ii) Issued but Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods.

- AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 and AASB 1058 Income of Not-for-Profits

AASB 15 Revenue from Contracts with Customers (AASB 15) is effective for reporting periods commencing on or after 1 January 2019. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when control of goods or services is transferred to the customer at amounts that reflect the consideration to which the Authority expects to be entitled in exchange for transferring the goods or services to the customer. Under AASB 118 Revenue (AASB 118), revenue recognition is currently based on when risks and rewards are transferred.

AASB 1058 Income of Not-for-Profits (AASB 1058) is effective for reporting periods commencing on or after 1 January 2019 and will replace most of the existing requirements in AASB 1004 Contributions (AASB 1004). The scope of AASB 1004 is now limited mainly to parliamentary appropriations, administrative arrangements and contributions by owners. Under AASB 1058, the Authority will need to determine whether a transaction is consideration received below fair value principally to enable the Authority to further its objectives (accounted for under AASB 1058) or a revenue contract with a customer (accounted for under AASB 15).

The Authority will adopt AASB 15 and AASB 1058 on 1 July 2019 through application of the full retrospective transition approach. Recognition and measurement principles of the new standards will be applied for the current year and comparative year as though AASB 15 and AASB 1058 had always applied.

The impacts to balances resulting from the adoption of AASB 15 and AASB 1058 have been assessed by the Authority as not being significant.

- AASB 16 Leases

AASB 16 Leases (AASB 16) is effective from reporting periods commencing on or after 1 January 2019.

For lessees, AASB 16 will result in most leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is largely removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised at the commencement of the lease. The only exceptions are short-term and low-value leases.

The accounting for lessors under AASB 16 will not significantly change except that the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The Authority will adopt AASB 16 on 1 July 2019 through application of the partial retrospective approach, where only the current year is adjusted as though AASB 16 had always applied. Comparative information will not be restated. Based on the impact assessments the Authority has undertaken on currently available information, the change is not expected to materially impact the financial statements as the Authority is not a lessee in its leasing arrangements.

The impact of the following standard in the period of initial application is not expected to be significant.

Standard	Applicable to Annual Reporting Periods Beginning on or after
AASB 1059 "Service Concession Arrangements: Grantors"	1 January 2020

2. EXPENSES EXCLUDING LOSSES

(a) Property Maintenance

	2019 \$'000	2018 \$'000
Property Refurbishment	4,447	3,309
General Maintenance	1,212	1,475
Ground/Yard Maintenance	942	885
Furnishings, Fixtures and Fittings	699	573
Plumbing	520	558
Electrical	336	212
Air Cooling Installation and Maintenance	320	226
Air Conditioners & Fans	98	398
Fire Protection	33	13
Total Property Maintenance	8,607	7,649

Day-to-day servicing costs or maintenance on the Authority's Property, Plant and Equipment 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.

(b) Property Rates

	2019 \$'000	2018 \$'000
Annual Rates	1,655	1,644
Water Rates	792	375
Electricity Rates	196	398
Gas Rates	14	6
Total Property Rates	2,657	2,423

(c) Other Operating Expenses

	2019 \$'000	2018 \$'000
Shared Service Fees (i)	2,532	3,071
Property Management Fees	788	845
Other General Administration	535	803
Property Valuations	474	126
Insurance (ii)	420	316
Contractors	353	501
Computer Systems Development	199	-
Travel Expenses	124	74
Audit Fees	85	59
Legal Fees	7	-
Total Other Operating Expenses	5,517	5,795

- (i) Shared Service Fees include fees charged by GovConnect NSW for shared transactional services, by DFSI for corporate services provided under the DFSI Corporate Operating Model arrangements and by Property NSW for all administrative and operational services (including personnel services) to enable the Authority to exercise its functions.

As per its Act, the Authority is unable to employ staff. However, to enable it to exercise its functions, the Authority can obtain personnel services from Government agencies that are able to engage staff under Part 4 of the *Government Sector Employment Act 2013*. The Authority has no employee liabilities or provisions.

From 28 January 2017, all administrative and operational services (including personnel services) to enable the Authority to exercise its functions, were transferred to Property NSW (PNSW) under formal agreement. Services provided by Property NSW to the Authority are recognised as an administration charge within Other Operating Expenses under Shared Service Fees (Note 2(c)).

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

(d) Depreciation Expenses

	2019	2018
	\$'000	\$'000
Depreciation of:		
Buildings	5,879	5,322
Total Depreciation Expense	5,879	5,322

Recognition and Measurement - Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable non-current assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The starting useful lives of the Authority's items of property, plant and equipment are based on the following:

Asset Class	2019	2018
	Years	Years
Buildings	20-50	20-50

In accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations", any assets held for sale are not depreciated. Land is also not depreciated as land is not a depreciable asset.

3. REVENUE

Recognition and Measurement – Revenue

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition and measurement of revenue is discussed within each revenue category below.

(a) Sale of Goods and Services

	2019	2018
	\$'000	\$'000
Gross Rental Income	10,422	10,291
	10,422	10,291

Rental income arising from operating leases is accounted for in accordance with AASB 117 "Leases" on a straight-line basis over the lease term. The Authority's tenants are charged full market rental in accordance with government policy.

(b) Investment Revenue

	2019	2018
	\$'000	\$'000
Interest Revenue	126	187
	126	187

- (i) Interest income is calculated in accordance with AASB 9 "Financial Instruments" by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses). The Authority's interest revenue is earned on the Authority's account daily bank balance at the monthly average NSW Treasury Corporation 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

(c) Service Payment

	2019	2018
	\$'000	\$'000
NSW Treasury Contribution	6,027	6,026
Annual DoE Contribution	600	600
	6,627	6,626

- (i) Under changed funding arrangements in 2017-18, the Authority receives service payment from the DoE under a Memorandum of Understanding for services provided. The Authority no longer receives the State Government Contribution from the Department of Finance, Services and Innovation. In accordance with the Teacher Housing Act 1975, the Authority is not required to return any excess funds collected under the MoU.

4. GAINS AND LOSSES

(a) Gain/(Loss) on Disposal of Non-Current Assets

	2019 \$'000	2018 \$'000
Net Proceeds from Disposal of Non-Current Assets	1,503	1,092
Written Down Value (Notes 7(b) and 8(b))	(1,528)	(1,301)
Total Net Gain/(Loss) on Disposal of Non-Current Assets	(25)	(209)

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(a) Cash and Cash Equivalents

	2019 \$'000	2018 \$'000
Cash and Cash Equivalents - Current		
Cash at Bank	6,888	9,456
Total Cash and Cash Equivalents	6,888	9,456

For the purposes of the Statement of Cash Flows, Cash and Cash Equivalents include Cash at Bank. Cash at Bank comprises of balances within the NSW Treasury Banking System.

Interest Rate Risk

The effect on the Net Result and Equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (ie. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at 30 June 2019. The analysis is performed on the same basis as in 2018. The analysis assumes that all other variables remain constant.

Exposure to interest rate risk arises primarily through the Authority's Cash and Cash Equivalents. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of $\pm 1\%$ has been used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

Interest Rate Risk - 2019	Carrying	-1%		+1%	
	Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	6,888	(69)	(69)	69	69
Interest Rate Risk - 2018					
	Carrying	-1%		+1%	
	Amount \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	9,456	(95)	(95)	95	95

(b) Reconciliation of Cash Flows from Operating Activities to Net Result

	2019 \$'000	2018 \$'000
Net Cash Flow From Operating Activities	2,310	1,486
Non Cash (Revenues)/Expenses:		
Depreciation	(5,879)	(5,322)
Loss/(Gain) on Disposal of Non Current Assets	(25)	(209)
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Payables and Other Liabilities	(2,099)	(235)
Decrease/(Increase) in Receivables	183	(14)
Net Result	(5,510)	(4,294)

6. CURRENT ASSETS – RECEIVABLES

(a) Receivables

	2019 \$'000	2018 \$'000
Current		
Rental Debtors	338	256
Less Allowance for expected credit losses (i)	(36)	-
Less Allowance for impairment (ii)	-	(84)
Subtotal - Rental Debtors	302	172
Other Receivables:		
Tenancy Liaison Service Agent Advances	358	313
Prepayments	-	2
Accrued Income	10	-
Subtotal - Other Receivables	368	315
Total Current Receivables	670	487

(i) Movement in the allowance for expected credit losses

	\$'000
Balance at 30 June 2018 under AASB 139	84
Balance at 1 July 2018 under AASB 9	84
Increase/(decrease) in allowance recognised in net results	(48)
Balance at 30 June 2019	36

(ii) Movement in the allowance for impairment

	\$'000
Balance at 1 July 2017	69
Increase/(decrease) in allowance recognised in net results	15
Balance at 30 June 2018	84

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 12.

(b) Recognition and Measurement – Receivables

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

(i) Subsequent measurement under AASB 9 (from 1 July 2018)

The Authority holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

(ii) Subsequent measurement under AASB 139 (for comparative period ended 30 June 2018)

Subsequent measurement is at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

(iii) Impairment under AASB 9 (from 1 July 2018)

The Authority recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Authority expects to receive, discounted at the original effective interest rate.

For trade receivables, the Authority applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

(iv) Impairment under AASB 139 (for comparative period ended 30 June 2018).

The only financial assets that are past due or impaired are Sales of Goods and Services in the Receivables category of the Statement of Financial Position.

Receivables are subject to an annual review for impairment. These are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

The Authority first assesses whether impairment exists individually for receivables that are individually significant, or collectively for those that are not individually significant. Further, receivables are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

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 original effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, if objectively related to an event occurring after the impairment was recognised. Reversals of impairment losses cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

7. NON-CURRENT ASSETS HELD FOR SALE

(a) Non-Current Assets Held for Sale

	2019 \$'000	2018 \$'000
Current		
Land and Buildings	990	1,421
Total Non-Current Assets Held for Sale	990	1,421

(b) Reconciliation of Opening and Closing Carrying Amounts

	2019 \$'000	2018 \$'000
Non-Current Assets Held for Sale		
Carrying Amount at 1 July	1,421	2,886
Reclassification from/(to) Property, Plant and Equip - Land and Buildings (Note	664	(551)
Disposals (Note 4(a))	(1,095)	(889)
Revaluation	-	(25)
Carrying Amount at 30 June	990	1,421

Most of the properties are held for sale for longer than 12 months. This is in line with the average times such properties are held for sale in regional and remote areas.

(c) Recognition and Measurement - Non-Current Assets Held for Sale

The Authority has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-Current Assets Held for Sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Property, Plant and Equipment

	2019 \$'000	2018 \$'000
Non-Current		
Land and Buildings		
At Fair Value	166,848	160,053
Less Accumulated Depreciation (iii)	(1,457)	-
Carrying Amount at 30 June	165,391	160,053
Work in Progress	1,561	3,475
Total Property, Plant and Equipment at 30 June	166,952	163,528

(b) Reconciliation of Opening and Closing Carrying Amounts

	2019 \$'000	2018 \$'000
Land and Buildings		
Carrying Amount at 1 July	160,053	153,141
Additions	8,292	2,743
Disposals (Note 4(a))	(433)	(418)
Reclassification from/(to) Non-Current Asset Held for Sale (Note 7(b))	(664)	551
Net Revaluation Reserve Increment/(Decrement) (Note 11(a))	4,022	9,358
Depreciation Expense (Note 2(d))	(5,879)	(5,322)
Carrying Amount at 30 June	165,391	160,053
Work in Progress		
Carrying Amount at 1 July	3,475	2,000
Additions	3,849	4,211
Transfer to Fixed Assets	(5,763)	(2,736)
Carrying Amount at 30 June	1,561	3,475
Total Property Plant and Equipment Carrying Amount at 30 June	166,952	163,528

(c) Recognition and Measurement - Property, Plant and Equipment

(i) Acquisitions of Assets

Acquisition of assets is recognised when the risks and rewards of the asset have passed to the buyer. On property asset, this usually coincides with when the legal title passes to the buyer, which is upon settlement of a contract.

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 requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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

(ii) Capitalisation Thresholds

Plant and equipment, and intangible assets costing \$10,000 and above individually are capitalised.

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 "Fair Value Measurement", AASB 116 "Property, Plant and Equipment".

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. The Authority revalues each class of property, plant and equipment on annual basis to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as an approximation of fair value.

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

A comprehensive revaluation of the Authority's land and buildings was last undertaken in 2018-19. Since 2015-16, the Authority has adopted the "Use of Sampling in Asset Valuation" method to determine the fair value of its land and buildings. This method is outlined in Appendix B of TPP14-01 "Accounting Policy: Valuation of Physical Non-Current Assets at Fair Value" issued by Treasury in February 2014. The net change in the value of assets was an increase of approximately 2.5%.

In 2018-19, the Authority engaged NSW Valuation Services (a division of the Department of Finance, Services and Innovation) to conduct the revaluation of its Land and Buildings. The Authority also engaged an independent statistician, to review the NSW Valuation Services process and valuation results.

The effective valuation date adopted in 2018-19 for the Authority's Land and Buildings revaluations is 31 March 2019 (30 June 2018 in 2017-18).

Revaluation increments are credited directly to 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 net result, the increment is recognised immediately as revenue in the net result.

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

(iv) Impairment of Property, Plant and Equipment

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

The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Authority estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(v) Restoration Costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

(vi) Disposals

The Authority's assets are disposed when they are:

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

9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis (Refer to Notes 1(g), 7 and 8):

(a) Fair Value Hierarchy

2019	Level 1	Level 2	Level 3	Total Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment				
Land and Buildings	-	165,391	-	165,292
Non-Current Assets Held for Sale	-	990	-	990
	-	166,381	-	166,282
2018	Level 1	Level 2	Level 3	Total Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment				
Land and Buildings	-	160,053	-	160,053
Non-Current Assets Held for Sale	-	1,421	-	1,421
	-	161,474	-	161,474

(b) Valuation Techniques, Input and Processes

For each class of property, plant and equipment, a description of the valuation technique applied and the inputs used in the fair value measurement is disclosed in the table below. For the valuation processes refer note 8(c)(iii).

Class	Valuation Technique	Key Inputs
Land and Buildings	The Authority uses a mass valuation process (Appendix B of TPP14-01) to value its portfolio annually. A benchmark sample of 20% of portfolio is valued using the Market Approach valuation technique. The technique uses prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets. The changes in values in the benchmark sample is extrapolated to the entire portfolio.	<ul style="list-style-type: none"> • Location of property • Type of residence • Age of property • Construction material • Number of bedrooms • Condition rating • Effective life

10. CURRENT LIABILITIES - PAYABLES

(a) Payables

	2019	2018
	\$'000	\$'000
Current		
Other Creditors and Accruals	4,735	2,639
Total Current Payables	4,735	2,639

Recognition and Measurement – Payables

Payables are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Payables represent liabilities for goods and services provided to the entity and other amounts. 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.

The Authority's payables are all non-interest bearing.

Liquidity Risk

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

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

Maturity Profile

All of the Authority's payables and accruals have a maturity of less than 12 months. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular TC11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, The Authority may automatically pay the supplier simple interest. The Authority was not required to make any interest payment in this respect during the current or prior years.

11. EQUITY

(a) Asset Revaluation Reserve

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Authority's policy on the Revaluation of Property, Plant and Equipment as discussed in Note 8.

Asset Revaluation Reserve Movement	2019 \$'000	2018 \$'000
Carrying Amount at 1 July	101,644	93,603
Net Increase/(Decrease) on Revaluation (Note 8(b))	4,022	9,364
Transfer to Accumulated Funds on Disposal of PP&E	23	(1,323)
Carrying Amount at 30 June	105,689	101,644
Dissection by Asset Class:		
Land and Buildings	105,689	101,644
Total Asset Revaluation Reserve at 30 June	105,689	101,644

(b) Accumulated Funds

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

Accumulated Funds Movement	2019	2018
	\$'000	\$'000
Carrying Amount at 1 July	70,609	73,580
Net Result for the Year	(5,510)	(4,294)
Transfer from Asset Revaluation Reserve on Disposal of PP&E	(23)	1,323
Carrying Amount at 30 June	65,076	70,609

12. FINANCIAL INSTRUMENTS

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

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

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

(a) Financial Instrument Categories

(i) As at 30 June 2019 under AASB 9

Class	Note	Category	Carrying amount \$'000
Financial Assets			
Cash and Cash Equivalents	5	N/A	6,888
Receivables ⁽¹⁾	6	Amortised cost	312
Financial Liabilities			
Payables ⁽²⁾	10	Financial Liabilities measured at amortised cost	4,735

⁽¹⁾ Excludes statutory receivables and prepayments as they are not within the scope of AASB 7.

⁽²⁾ Excludes statutory payables and unearned revenue as they are not within scope of AASB 7.

(ii) As at 30 June 2018 under AASB 139 (comparative period)

Class	Note	Category	Carrying amount \$'000
Financial Assets			
Cash and Cash Equivalents	5	N/A	9,456
Receivables ⁽¹⁾	6	Loans and receivables	172
Financial Liabilities			
Payables ⁽²⁾	10	Financial Liabilities measured at amortised cost	2,639

⁽¹⁾ Excludes statutory receivables and prepayments as they are not within the scope of AASB 7.

⁽²⁾ Excludes statutory payables and unearned revenue as they are not within scope of AASB 7.

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

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Authority transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Authority has transferred substantially all the risks and rewards of the asset; or
- the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the entity could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

(i) Credit Risk

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

Credit risk arises from the financial assets of the Authority, including cash and receivables (Notes 5 and 6). No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets under AASB 9

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Authority applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Authority has identified the GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The loss allowance for trade debtors as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows:

30 June 2019

	\$000				
	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	1.1%	1.8%	17.8%	22.8%	
Estimated total gross carrying amount at default	157	28	17	136	338
Expected credit loss	2	-	3	31	36

1 July 2018

	\$000				
	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	16.5%	25.8%	37.8%	94.8%	
Estimated total gross carrying amount at default	152	38	26	40	256
Expected credit loss	26	10	10	38	84

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 6.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2019. The Authority debtors represent a large number of individual teachers whose particular credit rating will vary and are unknown to the Authority.

Accounting policy for impairment of trade debtors and other financial assets under AASB 139 (comparative period only).

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

For the comparative period 30 June 2018, the ageing analysis of trade debtors is as follows:

	Overdue				Total
	<1 Mth	>1 <2 Mths	>2 <3 Mths	>3 Mths	2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables:					
Past Due But Not Impaired	152	20	-	-	172
Considered Impaired	-	18	26	40	84
Total receivables - gross of allowance for impairment	152	38	26	40	256

Notes: The ageing analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 6.

The entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2018. The Authority debtors represent a large number of individual teachers whose particular credit rating will vary and are unknown to the Authority.

(ii) Liquidity Risk

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

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in TC11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through interest rate risk on the Authority's Cash and Cash Equivalents (Note 5). The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

(iv) Fair Value of Financial Instruments

The Authority's financial instruments are recognised at cost. Management assessed that cash, trade receivables, trade payables, and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments. The Authority has not identified any financial instruments whose fair value differs materially from the carrying amount.

13. COMMITMENTS FOR EXPENDITURE

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) Capital Expenditure Commitments

	2019 \$'000	2018 \$'000
Capital expenditure contracted at balance date but not provided for:		
Payable within one year	97	2,669
Payable later than one year but not later than five years	-	-
Total Capital Expenditure Commitments (Incl GST)	97	2,669

(b) Other Operating Commitments - Property Maintenance & School Residence Refurbishment

	2019	2018
	\$'000	\$'000
Operating expenditure contracted at balance date but not provided for:		
Property Maintenance Commitments	90	82
Total Property Maintenance Commitments	90	82

Expenditure commitments for property maintenance and school residence refurbishments arise from contracts entered into for the provision of contingent maintenance and programmed maintenance for dwellings included within the Authority's annual Property Refurbishment Program.

14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Authority may be liable for payment of compensation arising from claims and other matters subject to litigation. The amounts involved cannot be accurately determined and in some instances are subject to arbitration. These claims are covered by the Treasury Managed Fund.

The Authority is not aware of any other contingent assets or liabilities as at 30 June 2019 (Nil as at 30 June 2018).

15. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

During the year, the Authority did not pay any compensation directly to its key management personnel (Nil in 2017-18).

In 2018-19, the Authority incurred \$0.24 million in respect of the Key Management Personnel services that were provided by Property NSW (In 2017-18, \$0.2 million by Property NSW).

(i) 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 Government Sector Employment Act 2013 and remuneration is in accordance with determinations of the Industrial Authority. No remuneration is paid to members of the Authority.

(b) Transactions and Outstanding Balances with Other Related Parties

During 2018-19, the Authority has not entered into other transactions with Key Management Personnel, their close family members and controlled or jointly controlled entities thereof (Nil in 2017-18).

(c) Transactions and Outstanding Balances with Other Government Entities

During 2018-19, the Authority entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions are collectively, but not individually, a significant portion of the Authority's property rental income, fees for services rendered and grant and contribution revenue.

16. AFTER REPORTING DATE EVENTS

As a result of Administrative Arrangements (Administrative Changes – Public Service Agencies) Order 2019, in pursuance of part 7 of the *Constitution Act 1902*, the Authority will be transferred from DFSI cluster to a newly created Department of Planning, Industry and Environment (DPIE) cluster, effective 1 July 2019.

The Authority has not identified any other events or transactions that are material to require adjustments or disclosures in the financial report.

End of Audited Financial Statements