



Teacher Housing Authority of NSW Annual Report 2020-21

Financial statements
for the year ended 30 June 2021
and Statutory information





Planning,
Industry &
Environment

Teacher Housing Authority of NSW
Level 3, 12 Darcy St, Parramatta NSW 2150
Locked Bag 5022 Parramatta NSW 2124

Tel 02 8276 8000 | www.dpie.nsw.gov.au/housing-and-property

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 2020-21

We are pleased to submit the Annual Report for Teacher Housing Authority of NSW, for the year ended 30 June 2021, 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

A handwritten signature in blue ink, appearing to read 'Deborah Brill'.

Deborah Brill
Chairperson
Teacher Housing Authority

A handwritten signature in black ink, appearing to read 'Gregory Phipson'.

Gregory Phipson
Director, Housing Services
Housing and Property Group

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1. Charter

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

Under the Act, the principal objective 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 NSW (including rural and remote areas).
- 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.
- more housing supply in priority locations.
- a higher 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 informed decision making.



3. Access

Teacher Housing Authority of NSW

12 Darcy Street, Parramatta NSW 2150

Locked Bag 5022 Parramatta NSW 2124

housingservices@property.nsw.gov.au

www.dpie.nsw.gov.au/housing-and-property/housing-services

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

4. Management and structure



THA is part of the Housing and Property Group (**HAP Group**) in the Department of Planning, Industry and Environment (**DPIE**).

THA is a corporation constituted under the Teacher Housing Authority Act 1975. THA's seven members are responsible for determining policies and ensuring its activities are carried out properly and efficiently.

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

Method and term of appointment of THA Members

The seven members of THA are appointed in accordance with section 7 of the Act. 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 Housing, (currently the Minister for Water, Property and Housing), 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 is the nominee of the Secretary of the Department of Planning, Industry and Environment, being an officer of that Department and is the Board's Chairperson.
- one is a person employed by the DoE, appointed by the Secretary of that Department; and
- one is a person employed by the Public Service, whose principal duty is the management of THA's activities and currently is 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 Act.

THA Members

Deborah Brill

MSW, MBA

Deputy Chief Executive and Head of Policy and Innovation, New South Wales Land and Housing Corporation

Chairperson (January 2021 - current). Nominee of the Secretary of DPIE.

Catrina Kim

BArch, BSc (Arch)

Regional Portfolio Director (SE), Land and Housing Corporation, DPIE

Deputy Chairperson (September 2018 - current). Nominee of the then Minister for Housing (currently the Minister for Water, Property and Housing).

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

Director Strategy & Governance, Human Resources, DoE

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

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, DoE

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

Greg Phipson

AAPI

Director, Housing Services

Executive Member (February 2017 - current)

(and together known as the '**THA Board**').

Authority meetings

The THA Board met on four occasions during 2020/21. Member attendance was as follows:

Board member	Eligible to Attend	Attended
Deborah Brill	2	2
Catrina Kim	4	4
Richard Wiseman	4	3
James Mills	4	2
Rian Thompson	4	4
Adelia Fuller	4	2
Greg Phipson	4	4
Adam Howarth (past Chair)	1	1

5. Summary review of operations

On 30 June 2021, the THA portfolio consisted of 1304 properties, comprising of 1,275 dwellings and 29 parcels of vacant land. Included in the 1,275 properties are 105 dwellings owned by the DoE and 2 dwellings head leased by THA. During the year, the average utilisation rate was 82.1%.



The average teacher utilisation rate was 75%.

THA undertook three key programs of work from receiving Government support for its activities through \$23.6 million in stimulus funding:

- Heating, cooling, and solar system upgrades to additional 355 residences.
- Major refurbishment to 108 residences;
- Construction of 2 residences; and
- 10 new construction projects commenced in the financial year 2020-21 for completion in the 2021-22 financial year.

The programs reached 198 communities across 68 local government areas.

6. Management and activities



The THA supports DoE by providing teachers with quality housing services in 198 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 workforce planning data and demand activity.
- teacher demographics used to aid in determining the type of accommodation needed; and
- any requirements for housing because of special programs.

This process assists THA to prioritise housing needs and identify surplus accommodation for possible disposal. Funds received from disposals are retained in the THA and reinvested back into the portfolio.

Major achievements in 2020-21 include:

- 510 heating, cooling, and solar system upgrades focusing on the hottest towns.
- 108 major refurbishments for \$14 million improving living standards for teachers.
- Two new flexible units in Coleambally to assist with supply.
- 362 hazardous material audits for \$860,000 to ensure safety of our tenants.
- Implementation of a major change to the rental model with DoE streamlining the rent collection process.

- Renewed 68 managing agent agreements.
- 12 properties, surplus to needs, were sold during the year, contributing \$1.7 million towards the supply of new teacher housing.
- 3 properties for \$389k (2 x vacant land in Narrabri, 1 x property in Coonamble) were acquired; and
- 8,600 maintenance jobs for \$3.5 million were undertaken.

The Teacher Housing team visited 30 out of 198 communities. The town visit program was placed on hold because of COVID travel restrictions. THA has continued its communication with schools through virtual meetings.

THA's major programs will continue into 2021-22. Major programs include:

- refurbishment of ageing residences.
- heating, cooling, and solar upgrades; and
- additional new supply of up to 10 residences.



Case Study 1

THA Stimulus Program – Heating, Cooling, and Solar upgrades in Wilcannia, Nyngan and Brewarrina – supporting training and employment opportunities for Aboriginal people

THA received support from the NSW Government via stimulus funding for its heating, cooling and solar system upgrade program across 36 communities. This particular project included works to 75 residences in Wilcannia, Nyngan, and Brewarrina.

Teaming up with Public Works Advisory (PWA), TAFE NSW, Bourke Shire Council, THA engaged two young Bourke based principal contractors, Haymans Refrigeration and Darren Jackson Electrical.

THA have been conducting a program in Western NSW providing training and employment opportunities to Aboriginal people.

Key features:

- Asset expenditure to provide local contractors with work and local Aboriginal people with “on the job” training leading to ongoing, meaningful employment; and
- A training course tailored by TAFE NSW to provide Certificate I and II in Construction. This course is preceded by “refresher” literacy and numeracy courses which gives a foundation for the participants.

This contract engagement has allowed the employment of 7 young people from Bourke. These employment opportunities help to build capacity in the region and provide positive role models for the young people of Bourke.

Use of Local Aboriginal Contractors

The program aligns with NSW Government's Aboriginal Procurement Policy (APP) which came into effect in January 2021. The policy supports employment opportunities for Aboriginal and Torres Strait Islander peoples, and sustainable growth of Aboriginal businesses by driving demand via Government procurement of goods, services, and construction.

Comments from Teachers and their family

"With 2 children under 3, this ducted air-conditioning will make summer so much more comfortable – it gives us an oasis to live in". (Wilcannia)

"The work was done neatly and efficiently, the young men from Hayman's in Bourke vacuumed all areas where they worked – couldn't be happier with the job" (Nyngan)



Case Study 2

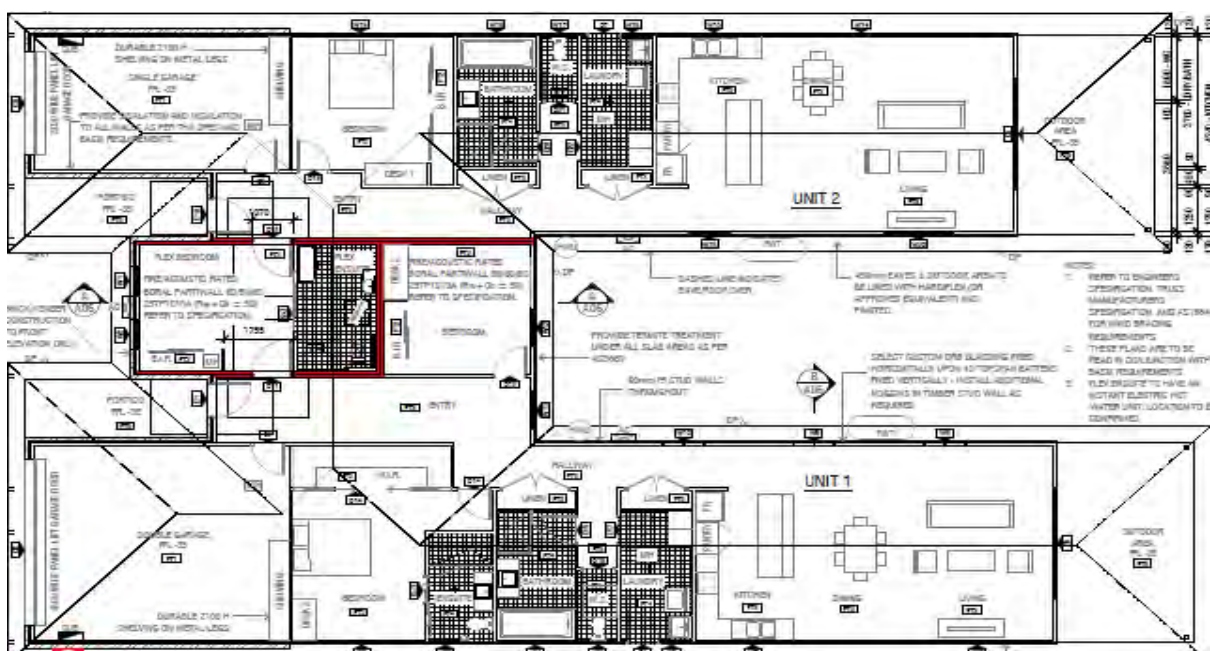
Small Flexible Unit Complex in Coleambally

Why in Coleambally?

This project was undertaken in Coleambally to replace the house which was destroyed by fire in 2018. An assessment undertaken by THA found that good quality modern properties were scarce in Coleambally and the school was having difficulty in finding housing for its teachers.

What THA Completed

THA built a 2 x 2 bedroom flexible design complex. The rooms can be configured into a 1 x 1 bedroom and 1 x 3 bedroom, or 2 x 2 bedroom accommodation depending on the need.



Key Steps in Delivery

- Consultation with the THA Tenancy team on housing needs in the locality.
- Appointing Public Works Advisory (PWA) to project manage works.
- Consultation with local authorities (Muroidea Council).
- Completing drawings and tender documentation and completing tender process.
- Award contract and complete construction; and
- Final inspection and remediation of defects.

Positive Outcome

- Provision of quality accommodation for teachers in Coleambally; and
- Benefit to the wider community through local participation in the project.



under construction – 7 bellbird Street, Coleambally



7 Bellbird Street, Coleambally

Comment from the School

“Thank you for the construction of the new units located at 7 Bellbird Street, Coleambally.

.....Being located in an isolated rural community, the provision of quality teacher housing is paramount. This will ease the demand we currently have for suitable properties. Due to the transient nature of staff recently we have had a demand for properties that has exceeded availability resulting in private rentals being sought).

7. Human resources

Employment Statistics (# of FTE)



Division	2017 ^{1,2}	2018 ^{1,2}	2019 ^{1,2,3}	2020 ^{1,2,3}	2021 ^{1,2,3}
Senior Executive	1.0	1.0	1.0	0.8	0.8
Senior Officer	-	-	-	-	-
Ongoing	11.0	12.0	14.0	15.2	15.2
Temporary	1.0	2.0	1.0	-	0.8
Total	13.0	15.0	15.0	16.0	16.8

	2020 ^{4,5,6}				2021 ^{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 of 29 June 2017, 28 June 2018 and 30 June 2019, 25 June 2020, and 26 June 2021.

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 of 25 June 2020, 26 June 2021.

⁶ All employees reported in 2020 and 2021 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.

Employee related costs

	2019 ⁷		2020 ⁷	
Senior Executive Band	Range \$	Average Remuneration \$	Range \$	Average Remuneration \$
Band 4 (Secretary)	487,051 - 562,650	0	499,227 - 576,716	0
Band 3 (Deputy Secretary)	345,551 - 487,050	0	354,190 - 499,226	0
Band 2 (Executive Director)	274,701 - 345,550	0	281,569 - 354,189	0
Band 1 (Director)	192,600 - 274,700	206,943	197,415 - 281,568	201,411

Employee related costs 2020-21	Amount
Executive	\$201,411
Non-Executive	\$1,697,435
Total	\$1,898,847
Ratio Senior Executive	10.61%

In 2020/21, 10.61% of employee related expenditure was for senior executives, compared with 2019/20 which was 12.39%.

8. Workforce diversity



Trends in the Representation of Workforce Diversity Groups						
Workforce Diversity Group	Benchmark	2017 ^{8,9}	2018 ⁸	2019 ⁸	2020 ⁸	2021
Women ¹⁰	50%	57.1%	60.0%	68.8%	72.73%	69.05%
Aboriginal People and/or Torres Strait Islander People ¹¹	3%	0.0%	0.0%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English ¹²	22.3%	35.7%	26.7%	12.5%	23.75%	22.6%
People with a Disability	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%

⁷ Salary ranges effective at the Workforce Profile census dates of 26 June 2020 and 25 June 2021.

⁸ Statistics are based on Workforce Profile census data as of 30 June 2016, 29 June 2017, 28 June 2018, 27 June 2019, and 25 June 2020.

⁹ Workforce diversity statistics for 2016 and 2017 reflected 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 2019-25 aims to fill at least 114 NSW public sector senior leadership roles and represent 3% of all staff in non-executive salary classes.

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.

9. Consultants

THA engaged the services of one consultant during 2020-21.

Name: PwC Australia

Title of Project: Strategic review of the operating model for teacher and police housing

Cost of the Engagement: \$146,025 incl GST

10. Disability inclusion action plans

The THA Disability Inclusion Action Plans and initiatives for FY 2020-2021 fall under the Department of Planning, Industry and Environment and will be reported in its Annual Report.



11. Consumer response

THA introduced an annual Customer Satisfaction (CSAT) Survey in 2018. The survey is issued each calendar year.



CSAT Survey 2021

THA issued 985 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 454 respondents, giving a response rate of 46%. THA received a satisfaction score of 76 from the possible 100. The issues below have been observed by the survey.

Primary areas of concern identified for THA from the survey feedback are:

- Quality of housing
- Resolving maintenance issues / response times

Primary areas of concern identified for DoE from the survey feedback are:

- Permanency and stability of employment opportunities
- Greater financial assistance

12. Payment of accounts

The table below highlights THA's account payment performance for 2019-20.

Account Payment Performance	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
All Suppliers					
Value of Invoices Paid (\$'000)					
Paid before due	130	179	208	167	684
<30 Days Overdue	1,684	1,347	1,408	1,072	5,512
30-60 Days Overdue	937	158	76	163	1,333
60-90 Days Overdue	168	122	24	26	340
>90 Days Overdue	11	88	27	16	142
Total Value of Invoices Paid (\$'000)	2,930	1,893	1,743	1,445	8,011
% Paid on Time - By Value	62%	81%	93%	86%	77%
Number of Invoices Paid					
Paid Before Due Date	4,914	4,697	7,709	6,171	23,491
Paid Past Due Date	790	585	699	2,278	4,352
Total Number of Invoices Paid	5,704	5,282	8,408	8,449	27,843
% Paid on Time - By Number	86%	89%	92%	73%	84%
Interest Paid					
Interest Paid on Overdue Invoices	-	-	-	-	-
	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
Small Business Suppliers					
Value of Invoices Paid (\$'000)					
Paid before due	-	7	23	1	31
<30 Days Overdue	39	40	117	69	265
30-60 Days Overdue	12	42	0	16	69
60-90 Days Overdue	-	2	1	-	3
>90 Days Overdue	-	0	-	-	0
Total Value of Invoices Paid (\$'000)	50	92	140	85	368
% Paid on Time - By Value	77%	51%	99%	82%	80%
Number of Invoices Paid					
Paid Before Due Date	20	23	19	19	81
Paid Past Due Date	2	11	5	7	25
Total Number of Invoices Paid	22	34	24	26	106
% Paid on Time - By Number	91%	68%	79%	73%	76%
Interest Paid					
Interest Paid on Overdue Invoices	-	-	-	-	-

13. Risk management and business continuity

Risk management



The Department of Planning, Industry and Environment (the Department) supports the THA to manage risks.

In 2020-21, the Department continued to implement its enterprise-wide risk management framework across its business and the Cluster entities to which it provides risk management services. The framework reflects its commitment to provide a consistent and systematic process to manage risks across the Cluster. It is consistent with international risk management standard (ISO 31000-2018) and the NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector (TPP20-08). It provides the principles and tools for risk management practice and culture within the Department and Cluster.

In December 2020, the revised DPIE Risk Management Procedure was published with applicability across the Department and Cluster entities. The Procedure includes a standard risk register template and is supported by the DPIE Risk Management Policy which was approved earlier in 2020. Further to these developments, quarterly risk reporting to the THA Audit and Risk Committee was standardised and alignment enabled with the Department's Enterprise Risk Register.

The Department supports risk management in the THA through a business partnering model operated from the Governance Division. Risk reviews at the entity level were conducted quarterly during the year, involving senior management participation. Ad hoc advice and support were also provided as required.

In 2020-21, the Department developed and implemented a uniform Business Continuity Management (BCM) process applicable to all departmental employees and based on ISO22301:2019. The process was rolled-out across entities that make up the Planning, Industry and Environment Cluster who have employees employed in or through the Department.

The process includes a comprehensive document suite to support the preparation for, and response to, incidents and disruptive events that impact the Department's business operations. The THA completed their transition to Department's BCM process in 2020-21 and have a current business continuity plan in place.

BCM documentation includes 'preparation' documents, which are required to plan, coordinate, and maintain the BCM process on an ongoing basis, and 'response' documents which are required to activate and guide an appropriate business continuity response when disruption occurs.

Internal Audit

During the reporting period, the THA had an internal audit function in accordance with the Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08). The internal audit function is governed by the Internal Audit Charter approved by the THA Board.

The Chief Audit Executive (CAE) and internal audit function for THA is provided by the DPIE Internal Audit Branch, Governance and Legal Group.

The internal audit function provides independent and objective review and advisory services

designed to improve operations, risk management, controls, and governance processes. THA had a risk-based FY 2020/21 Internal Audit Plan endorsed by the ARC following consultation with management and approval of the Board.

Audit and Risk Committee

THA has an independent Audit and Risk Committee (ARC) established under a collaborative shared Audit and Risk Committee arrangement.

The ARC continued to meet during the reporting period to monitor, review and to provide oversight on the governance processes, risk management, control frameworks and annual financial statements for THA. The Chief Audit Executive reported at each meeting about internal audit activities and the engagement included in the approved risk-based FY 2020/21 Internal Audit Plan. The Audit and Risk Committee discharged its responsibilities under the Charter and met five times during FY 2020/21.

Membership

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

Role	Name	Start Term Date	Finish Term Date
Independent Chair	Carol Holley	30/03/2020	29/03/2023
Independent Member	Peter Scarlett	30/03/2020	29/03/2023
Independent Member	Alan Zammit	30/03/2020	29/03/2023

Ethics and Integrity

In 2020-21, the Department launched the Ethics Portal which provides an on-line, centralised, and up-to-date resource for all employees to declare and comply with their obligations under the Code of Ethics and Conduct (the Code). In its development the Ethics Branch undertook comprehensive consultation and engagement with all the business units within the Cluster to ensure the Ethics Portal was both accessible and relevant to the compliance needs to all employees across the Department. The Ethics Portal has strengthened reporting capabilities to ensure the Department is committed to the highest standards of ethical conduct and integrity.

The Code underpins the Department's compliance framework, which was supported by:

- The new Ethics Portal which manages declarations concerning conflicts of interest, code of ethics and conduct, senior executive private interests, and gifts, benefits, and hospitality, as well as approvals of secondary employment;
- the Fraud and Corruption Control Framework and Policy;
- the Public Interest Disclosures Policy and Procedure (which includes access to an anonymous reporting tool); and
- the Lobbying of Government Officials Policy training and resources to assist with the management of ethics related workplace issues.

The Department worked in collaboration with the NSW Ombudsman to ensure a robust framework that supports staff to raise workplace concerns and make reports of wrongdoing.

Public Interest Disclosures

Under the Public Interest Disclosures Act 1994, each public authority is required to prepare an annual report on their obligations under this Act. This information for THA is captured in the Department of Planning, Industry and Environment Annual Report as all Public Interest Disclosures are managed centrally by the Department.

14. Corporate Governance

Public Access to Information

Under Schedule 3 of the Government Information (Public Access) Regulation 2018, THA is a subsidiary agency for the purpose of the Government Information (Public Access) Act 2009 (GIPA Act). Any formal applications for information from THA are dealt with by the Department of Planning, Industry and Environment and are included in the Department's statistical information.

Standing Order 52

During the reporting period, the NSW Legislative Council did not compel the THA to produce any documents.

Service-related complaints

Details of feedback, including any complaints, are received through the Feedback Assist platform, and are included in the Department's statistical information.

15. Internal Audit and Risk Management Attestation

Statement for 2020-21 financial year

I, Deborah Brill, Chair of the Board, Teacher Housing Authority, am of the opinion that the Teacher Housing Authority has internal audit and risk management processes in operation that are compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements

Risk Management Framework

- | | | |
|-----|---|------------------|
| 1.1 | The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency. | Compliant |
| 1.2 | The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018. | Compliant |

Internal Audit Function

- | | | |
|-----|--|------------------|
| 2.1 | The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose. | Compliant |
| 2.2 | The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice for Internal Auditing. | Compliant |
| 2.3 | The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'. | Compliant |

Audit and Risk Committee

- | | | |
|-----|---|------------------|
| 3.1 | The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | Compliant |
| 3.2 | The Accountable Authority shall ensure that the Audit and Risk Committee has a Charter that is consistent with the 'model charter'. | Compliant |

Core Requirements

Risk Management Framework

- | | | |
|-----|---|------------------|
| 1.1 | The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency. | Compliant |
| 1.2 | The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018. | Compliant |

Internal Audit Function

- | | | |
|-----|--|------------------|
| 2.1 | The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose. | Compliant |
| 2.2 | The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice for Internal Auditing. | Compliant |
| 2.3 | The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'. | Compliant |

Audit and Risk Committee

- | | | |
|-----|---|------------------|
| 3.1 | The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | Compliant |
| 3.2 | The Accountable Authority shall ensure that the Audit and Risk Committee has a Charter that is consistent with the 'model charter'. | Compliant |

Membership

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

Role	Name	Start Term Date	Finish Term Date
Independent Chair	Carol Holley	30/03/2020	29/03/2023
Independent Member	Peter Scarlett	30/03/2020	29/03/2023
Independent Member	Alan Zammit	30/03/2020	29/03/2023

Shared Arrangements

I, Deborah Brill, Chair, Teacher Housing Authority, advise that the Teacher Housing Authority has entered into an approved shared arrangement comprising the following agencies:

- Land and Housing Corporation
- Aboriginal Housing Office
- Teacher Housing Authority

The resources shared include the Audit and Risk Committee, the Chief Audit Executive, and the internal audit function. The shared Audit and Risk Committee is a collaborative shared Audit and Risk Committee.



Deborah Brill
Board Chair
Teacher Housing Authority
Date: 01/09/2021

Agency Contact:

Suzette Gay
Director Audit
02 9289 6912

16. Digital information security policy attestation

Cyber Security Annual Attestation for the 2020-2021 Financial Year for Teacher Housing Authority of NSW

I, Greg Phipson, Director Housing Services, am of the opinion that the Teacher Housing Authority of NSW has an Information Security Management System (ISMS) in place via the Department of Customer Service Cluster and have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

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

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

The Teacher Housing Authority of NSW currently leverages the Department of Customer Service cyber security response plan, which has been exercised during the 2020-2021 financial year with recommendations incorporated into process improvements via 'Project Trust'.

The Department of Customer Service has completed independent audits of cyber security controls in place during the 2020-2021 financial year, and the department's maturity against the NSW Cyber Security Policy mandatory requirements. These audits have identified opportunities for improvement, which we are now focused on addressing.



Greg Phipson
Director Housing Services
Teacher Housing Authority of NSW

Date: 6 September 2021

17. Multicultural Policies and Services Program

“The multicultural policies, program, action plans, and initiatives for FY 2020-2021 now fall under the Department of Planning, Industry and Environment and will be reported in its Annual Report.”



18. Work Health and Safety (WHS)



In 2020-21, THA continued to take a proactive approach in managing the safety of all employees, other workers and visitors to its properties, sites, and activations.

THA's WHS activities for 2020-21 were impacted by COVID-19. However, some of the activities completed during the year include:

- THA closely monitoring the impact of COVID-19 pandemic on safety of staff, agents, contractors, and tenants, as well as delivery of emergency R&M.
- updating the process for managing risk including contractors and managing agents; and
- Hazmat audit program for THA residences completed.

WHS incidents – Teacher Housing Authority

One incident reported for the period

Severity: Low

Type: Motor Vehicle accident – hit a wallaby in rural area of Broken Hill
No injuries reported.

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

WHS induction and training

THA staff members were required to complete seven LAHC WHS mandatory courses with the completion rate at the 30 June 2021 at 100%:

- LAHC/DPIE COVID-19 WHS Awareness.
- LAHC WHS Office Ergonomics eLearn.
- LAHC WHS Safety in The Field eLearn.
- LAHC WHS Asbestos Awareness eLearn.
- LAHC WHS Managing Workplace Violence eLearn.
- LAHC WHS Due Diligence eLearn.
- LAHC Work Health and Safety (WHS) Foundations; and
- LAHC Reporting WHS Events.

WHS consultation

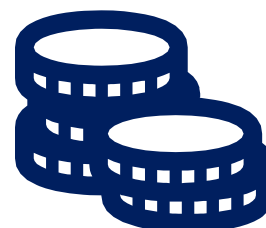
The WHS Consultative Committee has continued to be active in consultation on WHS issues including:

- the Land and Housing Corporation (LAHC) WHS team continued to provide new information and regular updates around WHS and COVID-19 issues.
- conducting executive interactions with Senior Managers to demonstrate leadership by example and increase safety awareness; and
- delivering timely WHS information with staff via multiple means of communication to raise awareness.

19. Budgets

Performance against budget

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 loss of \$0.843 million. This includes non-cash depreciation of \$6.8 million. The favourable variance of \$5.9m is due to \$4.4m of stimulus revenue for capital projects and \$1.4m savings on business as usual refurbishment funded by stimulus.



Budget overview

THA's total amended budget revenue of \$42.2 million in 2020/21 was made up of:

- rental income of \$10.9 million, generated from a property portfolio of over 1,300 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.
- a government stimulus package of \$23.6 million
- Salary reimbursement of \$0.65

In the next financial year 2021-2022, THAA has budgeted a net operating deficit of \$6.4 million principally made up of non-cash depreciation.

Teacher Housing Authority	2019-20 actual \$'000	2020-21 actual \$'000	2020-21 budget \$'000	2020-21 variance \$'000	2021-22 budget \$'000
Expenses	24,669	42,720	48,790	6,070	24,061
Revenues	19,038	42,348	42,278	39	17,750
Other gains/(losses)	(185)	(471)	(287)	184	(48)
Net operating result - surplus/(deficit)	(5,816)	(843)	(6,767)	5,924	(6,359)

20. Additional matters

Privacy and Personal Information Protection Act 1998 (PIIP Act)

The PIIP Act 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 PIIP Act.

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>.

21. Numbers and remuneration of senior executives

See Human Resources above.

22. Credit card certification



In accordance with the Treasurer's Direction TPP21-02, credit card usage at THA during the reporting period was in accordance with relevant Government policy, Premier's Memoranda and Treasurer's Directions.

23. 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.



Section 125 of the GIPA Act requires agencies to report annually on their obligations (GIPA reporting).

Under Schedule 3 of the GIPA Act, THA is a subsidiary agency for the purposes of the GIPA Act. Therefore, all statistical information about access applications required to be included in an annual report regarding THA, in compliance with section 125 and Clause 8 of the GIPA Act are included in the annual report for DPIE.

Review of proactive release program

Under section 7(3) of the GIPA Act, agencies must review its program for the release of government information to identify the kinds of government information held by the agency that should in the public interest be made publicly available, at least once every 12 months.

The THA complies with this by proactively releasing information via the DPIE website: <https://www.dpie.nsw.gov.au/housing-and-property>

24. Public Interest Disclosures

Under the Public Interest Disclosures Act 1994, each public authority is required to prepare an annual report on their obligations under this Act. This information for Teacher's Housing Authority is captured in the Department of Planning, Industry and Environment Annual Report as all Public Interest Disclosures are managed centrally by the Department.

There were no public interest disclosures made by THA officials for the period 1 July 2020 to 30 June 2021.

25. Exemptions and nil reports

Reporting requirement	Reason for exemption
Legal changes	There were no changes to the THA's legislation during 2020-21.
Economic or other factors	There were no economic factors affecting THA's operational objectives.
Research and development	No research and development were conducted during 2019-20.
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 <i>the 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 THA during 2019-20. The THA keeps a register of government contracts. All contracts greater than \$150,000 are published on the site https://tenders.nsw.gov.au/ .
Promotion	No Board or staff member travelled overseas on official business during 2020-2021.
Investment Performance	All THA investment powers are in accordance with Division 6.4 of the <i>Government Sector Finance Act 2018</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.
Multicultural Policies and Services Program	Reported in DPIE Annual Report
Requirements arising from employment arrangements	N/A

THA

Annual Report 2020-21

Financial statements for the year ended 30 June 2021



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 Teacher Housing Authority of NSW (the Authority), which comprise the Statement by the Members, the Statement of Comprehensive Income for the year ended 30 June 2021, the Statement of Financial Position as at 30 June 2021, 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:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Authority's financial position, financial performance and cash flows.

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 (including Independence Standards)' (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 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Members of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the draft annual report.

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, the GSF Act, GSF Regulations and Treasurer's Directions. The Members' responsibility also includes such internal control as the Members 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.

The scope of my audit does not include, nor 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.

A handwritten signature in black ink, appearing to be 'Min Lee', with a stylized, cursive script.

Min Lee
Director, Financial Services

Delegate of the Auditor-General for New South Wales

8 October 2021
SYDNEY

Teacher Housing Authority of NSW

Financial Statements

For the Year Ended 30 June 2021

Statement by Members

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), we state on behalf of the Teacher Housing Authority of NSW, that in our opinion:

- (a) The accompanying financial statements have been prepared in accordance with applicable Australian Accounting Standards (which includes Australian Accounting interpretations) and the applicable requirements of the Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions;
- (b) The statements and notes present fairly the financial position as at 30 June 2021, financial performance and cash flows of the Authority for the year then ended.



Deborah Brill
Chair

Date: 7 October 2021



Gregory Phipson
Director, Housing Services

Date: 7 October 2021

TEACHER HOUSING AUTHORITY OF NSW

Start of Audited Financial Statements

Statement of Comprehensive Income

For the Year Ended 30 June 2021

	Note	Actual 2021 \$'000	Actual 2020 \$'000
Continuing Operations			
Expenses			
Operating Expenses:			
Property maintenance	2(a)	27,017	9,903
Property rates	2(b)	2,332	2,409
Personnel services	2(c)	1,725	2,518
Other operating expenses	2(d)	4,771	3,514
Depreciation and amortisation expense	2(e)	6,800	6,325
Total Expenses		42,645	24,669
Revenue			
Sale of goods and services	3(a)	10,766	10,913
Investment revenue	3(b)	16	61
Service payment and contribution	3(c)	30,227	7,120
Other revenue	3(d)	1,339	944
Total Revenue		42,348	19,038
Operating Result		(297)	(5,631)
Gain/(loss) on disposal of non-current assets	4(a)	(471)	(185)
NET RESULT		(768)	(5,816)
Other Comprehensive Income			
<i>Items that will not be reclassified to the net result in subsequent period:</i>			
Net increase/(decrease) in property, plant and equipment revaluation surplus	8(a)	9,568	11,698
Total Other Comprehensive Income		9,568	11,698
TOTAL COMPREHENSIVE INCOME		8,800	5,882

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Statement of Financial Position

As at 30 June 2021

	Note	Actual 2021 \$'000	Actual 2020 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	13,764	6,510
Receivables	6	5,609	1,130
Non-current Assets Held for Sale	7	505	233
Total Current Assets		19,878	7,873
Non-Current Assets			
Property, Plant and Equipment			
Land and Buildings		174,162	173,165
Work in Progress		3,096	-
Total property, plant and equipment	8	177,258	173,165
Intangible Assets	9	364	562
Total Non-Current Assets		177,622	173,727
TOTAL ASSETS		197,500	181,600
LIABILITIES			
Current Liabilities			
Payables	11	11,677	4,953
Provisions	12	376	-
Total Current Liabilities		12,053	4,953
TOTAL LIABILITIES		12,053	4,953
NET ASSETS		185,447	176,647
EQUITY			
Asset Revaluation Reserve	13(a)	122,982	113,414
Accumulated Funds	13(b)	62,465	63,233
TOTAL EQUITY		185,447	176,647

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 2021

	Note	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at 1 July 2020		63,233	113,414	176,647
Net Result for the Year		(768)	-	(768)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment revaluation surplus	13(a)	-	9,568	9,568
Transfer from asset revaluation reserve on disposal of property, plant and equipment	13(a)	-	-	-
Total other comprehensive income		-	9,568	9,568
Total comprehensive income for the Year		(768)	9,568	8,800
Balance as at 30 June 2021		62,465	122,982	185,447
Balance at 1 July 2019		65,076	105,689	170,765
Net Result for the Year		(5,816)	-	(5,816)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment revaluation surplus	13(a)	-	11,698	11,698
Transfer from asset revaluation reserve on disposal of property, plant and equipment	13(a)	3,973	(3,973)	-
Total other comprehensive income		3,973	7,725	11,698
Total comprehensive income for the Year		(1,843)	7,725	5,882
Balance at 30 June 2020		63,233	113,414	176,647

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	Actual 2021 \$'000	Actual 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Property and Administration		(29,249)	(15,287)
Personnel Services Expenses		(1,715)	(2,518)
Total Payments		(30,964)	(17,805)
Receipts			
Rental Income		9,845	11,058
Investment Income		16	61
Service payment		30,227	7,139
Total Receipts		40,088	18,258
NET CASH FLOWS FROM OPERATING ACTIVITIES	5(b)	9,124	453
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Disposal of Non-Current Assets		1,609	1,038
Purchases of Property, Plant and Equipment		(3,479)	(1,869)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,870)	(831)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,254	(378)
Opening Cash and Cash Equivalents		6,510	6,888
CLOSING CASH AND CASH EQUIVALENTS	5(a)	13,764	6,510

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Section A: Entity Information and Basis of Preparation

Notes to and Forming Part of the Financial Statements for 30 June 2021

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 (DOE) 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 financial period ended 30 June 2021 and determined its status as not-for-profit for financial reporting purposes, as profit is not its principal 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 4 Parramatta Square, 12 Darcy Street, Parramatta NSW 2150.

Under the THA 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 who are able to engage staff under Part 4 of the *Government Sector Employment Act 2013*. Personnel services were provided by the Department of Planning, Industry and Environment (DPIE). The DPIE, a principal department, is a separate reporting entity and does not control THA for financial reporting purposes.

These financial statements have been authorised for issue by the Authority's Board on 7 October 2021.

(b) Basis of Preparation

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

- (i) applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- (ii) the requirements of the *Government Sector Finance Act 2018* (GSF Act); and
- (iii) Treasurer's Directions issued under the GSF Act.

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.

The Authority's financial statements are prepared on a going concern basis as the assumption that the Authority is a going concern is justified.

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.

TEACHER HOUSING AUTHORITY OF NSW

Section A: Entity Information and Basis of Preparation

Notes to and Forming Part of the Financial Statements for 30 June 2021

(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 the reporting period during which the change has occurred. Refer to Notes 8 and 10 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 2020-21

The Authority applied AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below.

Several other amendments and interpretations apply for the first time in 2020-21, but do not have an impact on the financial statements of the Authority.

• AASB 1059 Service Concession Arrangements: Grantors

AASB 1059 is effective for the entity from 1 July 2020. At the same time NSW Treasury Policy and Guideline Paper TPP 06-8: Accounting for Privately Financed Projects (TPP 06-8) was withdrawn effective from 1 July 2020.

Service Concession Arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where AASB 1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

As the Authority does not enter any service concession arrangement as a grantor, the adoption of AASB 1059 and the withdrawal of TPP 06-8 did not have any impact on the Authority's financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Section A: Entity Information and Basis of Preparation

Notes to and Forming Part of the Financial Statements for 30 June 2021

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standard, unless Treasury determines otherwise. Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods.

The following new standards have not been applied and are not yet effective. The impact of the following standards in the period of initial application is not expected to be significant:

- AASB 17 Insurance Contracts
- AASB 1060 General Purpose Financial Statements – Simplified Disclosures For-Profit and Not-for-Profit Tier 2 Entities
- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform - Phase 2
- AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments
- AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021
- AASB 2021-4 Amendments to Australian Accounting Standards – Modified Retrospective Transition Approach for Service Concession Grantors
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction of Accounting Estimates

(h) Impact of COVID-19 on Financial Reporting for 2020-21

COVID-19 has a minimal impact on the Authority's rental income in 2020-21. COVID-19 did not have any significant impact on the expected credit losses of Receivables and the fair value of Property, Plant and Equipment. As part of NSW Government's COVID-19 economic stimulus package for NSW, the Authority received grant income of \$23.6 million in 2020-21 from DPIE for accelerated maintenance and repairs of \$19.6 million on residential properties owned by the Authority and for capital expenditure spending of \$4.0 million. The grant funding was mostly spent in 2020-21.

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2021

2. EXPENSES

(a) Property Maintenance

	2021 \$'000	2020 \$'000
Property Refurbishment	14,039	2,038
General Maintenance	2,725	2,571
Ground/Yard Maintenance	1,085	904
Furnishings, Fixtures and Fittings	734	695
Plumbing	625	663
Electrical	265	312
Air Cooling Installation and Maintenance	434	455
Air Conditioners & Fans	7,007	2,149
Fire Protection	103	116
Total Property Maintenance	27,017	9,903

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.

The significant increase in Property Maintenance in 2020-21 was due to stimulus spending for accelerated maintenance and repairs on residential properties owned by the Authority (Note 3(c)(ii)).

(b) Property Rates

	2021 \$'000	2020 \$'000
Annual Rates	1,727	1,713
Water Rates	543	622
Electricity Rates	44	51
Gas Rates	18	23
Total Property Rates	2,332	2,409

(c) Personnel Services

	2021 \$'000	2020 \$'000
Salaries and Wages (including Recreation Leave)	1,444	2,201
Payroll Tax and Fringe Benefits Tax	113	109
Superannuation	168	140
Contractors	-	68
Total Personnel Services	1,725	2,518

Personnel services were provided by DPIE and recognised under Personnel Services expenses.

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2021

(d) Other Operating Expenses

	2021 \$'000	2020 \$'000
Shared Service Fees (i)	2,351	1,219
Property Management Fees	1,114	952
Other General Administration	118	151
Property Valuations	166	152
Insurance (ii)	713	776
Computer Systems Development	50	21
Travel Expenses	49	124
Audit Fees	73	91
Legal Fees	137	28
Total Other Operating Expenses	4,771	3,514

- (i) Shared Service Fees include fees charged by GovConnect NSW for shared transactional services and by Property NSW for all administrative and operational services to enable the Authority to exercise its functions. There were no corporate services charges from DPIE in 2020-21.
- (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.

(e) Depreciation and Amortisation Expense

	2021 \$'000	2020 \$'000
Depreciation of:		
Buildings (Note 8(a))	6,602	6,292
	6,602	6,292
Amortisation of:		
Computer System & software (Note 9(b))	198	33
	198	33
	6,800	6,325

Recognition and Measurement

Depreciation and amortisation are provided for on a straight-line basis for all depreciable non-current assets 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	2021 Years	2020 Years
Buildings	20-50	20-50
Computer System & software	3	3

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.

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2021

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

	2021 \$'000	2020 \$'000
Rental Income	10,766	10,913
	10,766	10,913

Rental income arising from operating leases is accounted for in accordance with AASB 16 "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

	2021 \$'000	2020 \$'000
Interest Revenue	16	61
	16	61

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 and Contribution

	2021 \$'000	2020 \$'000
DoE Contribution	6,027	6,520
Annual DoE Contribution (i)	600	600
State Government - Recurrent Contribution (ii)	23,600	-
	30,227	7,120

(i) The Authority receives service payment from the DoE under a Memorandum of Understanding for services provided. In accordance with the *Teacher Housing Act 1975*, the Authority is not required to return any excess funds collected under the MoU.

(ii) As part of NSW Government's COVID-19 economic stimulus package for NSW, the Authority received grant income of \$23.6 million in 2020-21 from the NSW State Government through DPIE for accelerated maintenance and repairs of \$19.6 million on residential properties owned by the Authority and for capital expenditure spending of \$4.0 million. The grant funding was mostly spent in 2020-21.

Grants and contributions without sufficiently specific performance obligations are recognised as income when the Authority obtains control over the granted assets (i.e. cash received) in accordance with AASB 1058 "Income of Not-for-Profit Entities".

No element of financing is deemed present as the grant payment is received in advance. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. This is based on past experience and/or terms in the agreement.

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2021

(d) Other Revenue

	2021	2020
	\$'000	\$'000
Insurance Recoveries (i)	1,216	944
Other Revenue	123	-
	1,339	944

(i) Recoveries of insurance claims for damaged properties from insurer.

4. GAINS AND LOSSES

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

	2021	2020
	\$'000	\$'000
Net Proceeds from Disposal of Non-Current Assets	1,609	1,132
Written Down Value (Note 7(b) and 8(a))	(2,080)	(1,317)
Total Net Gain/(Loss) on Disposal of Non-Current Assets	(471)	(185)

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2021

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(a) Cash and Cash Equivalents

	2021 \$'000	2020 \$'000
Cash and Cash Equivalents - Current		
Cash at Bank	13,764	6,510
Total Cash and Cash Equivalents	13,764	6,510

For the purposes of the Statement of Cash Flows, Cash and Cash Equivalents include Cash at Bank and Cash on Hand. Cash comprises cash on hand and bank 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 (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at 30 June 2021. The analysis is performed on the same basis as in 2020. 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 - 2021	Carrying Amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	13,764	(138)	(138)	138	138
Interest Rate Risk - 2020	Carrying Amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	6,510	(65)	(65)	65	65

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

	2021 \$'000	2020 \$'000
Net Cash Flow From Operating Activities	9,124	453
Non-Cash Revenues/(Expenses):		
Depreciation and amortization	(6,800)	(6,325)
Loss/(Gain) on Disposal of Non-Current Assets	(471)	(185)
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Receivables	4,479	460
Decrease/(Increase) in Payables and Other Liabilities	(6,724)	(219)
Decrease/(Increase) in Provisions	(376)	-
Net Result	(768)	(5,816)

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2021

6. CURRENT ASSETS - RECEIVABLES

(a) Receivables

	2021 \$'000	2020 \$'000
Current		
Rental Debtors	4,410	436
Less: Allowance for expected credit losses (i)	-	(36)
Subtotal - Rental Debtors	4,410	400
Other Receivables:		
Tenancy Liaison Service Agent Advances	837	730
Accrued Income	362	-
Subtotal - Other Receivables	1,199	730
Total Current Receivables	5,609	1,130

(i) Movement in the allowance for expected credit losses

	2021 \$'000	2020 \$'000
Balance at 1 July	36	36
Increase in allowance recognised in net results	3	-
Amount written off during the year	(39)	-
Balance at 30 June	-	36

(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

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) Impairment

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.

7. NON-CURRENT ASSETS HELD FOR SALE

(a) Non-Current Assets Held for Sale

	2021 \$'000	2020 \$'000
Current		
Land and Buildings	505	233
Total Non-Current Assets Held for Sale	505	233

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2021

(b) Reconciliation of Opening and Closing Carrying Amounts

	2021 \$'000	2020 \$'000
Non-Current Assets Held for Sale		
Carrying Amount at 1 July	233	990
Reclassification from/(to) Property, Plant and Equipment - Land and Buildings (Note 8(a))	272	(22)
Disposals (Note 4(a))	-	(735)
Carrying Amount at 30 June	505	233

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) Total Property, Plant and Equipment

	2021 \$'000	2020 \$'000
Non-Current		
Land and Buildings		
At Fair Value	176,059	174,651
Less Accumulated Depreciation	(1,897)	(1,486)
Carrying Amount at 30 June	174,162	173,165
Work in Progress	3,096	-
Total Property, Plant and Equipment at 30 June	177,258	173,165
Reconciliation of Opening and Closing Carrying Amounts		
	2021 \$'000	2020 \$'000
Land and Buildings		
Carrying Amount at 1 July	173,165	165,391
Additions	383	2,834
Disposals (Note 4(a))	(2,080)	(488)
Reclassification from/(to) Non-Current Asset Held for Sale (Note 7(b))	(272)	22
Net Revaluation Reserve Increment/(Decrement) (Note 13(a))	9,568	11,698
Depreciation Expense (Note 2(e))	(6,602)	(6,292)
Carrying Amount at 30 June	174,162	173,165
Work in Progress		
Carrying Amount at 1 July	-	1,561
Additions	3,096	-
Disposal	-	(94)
Transfers to Fixed Assets	-	(1,467)
Carrying Amount at 30 June	3,096	-
Total Property, Plant and Equipment at 30 June	177,258	173,165

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2021

(b) Property, Plant and Equipment where the Authority is Lessor under Operating Leases

	2021 \$'000	2020 \$'000
Non-Current		
Land and Buildings		
At Fair Value	176,059	174,651
Less Accumulated Depreciation	(1,897)	(1,486)
Carrying Amount at 30 June	174,162	173,165
Work in Progress	3,096	-
Total Property, Plant and Equipment at 30 June	177,258	173,165
Reconciliation of Opening and Closing Carrying Amounts		
	2021 \$'000	2021 \$'000
Land and Buildings		
Carrying Amount at 1 July	173,165	165,391
Additions	383	2,834
Disposals (Note 4(a))	(2,080)	(488)
Reclassification from/(to) Non-Current Asset Held for Sale	(272)	22
Net Revaluation Reserve Increment/(Decrement)	9,568	11,698
Depreciation Expense	(6,602)	(6,292)
Carrying Amount at 30 June	174,162	173,165
Work in Progress		
Carrying Amount at 1 July	-	1,561
Additions	3,096	-
Disposal	-	(94)
Transfers to Fixed Assets	-	(1,467)
Carrying Amount at 30 June	3,096	-
Total Property, Plant and Equipment at 30 June	177,258	173,165

(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 (i.e. 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.

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2021

(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 2019-20. 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 2.0%.

In 2020-21, the Authority engaged NSW Valuation Services (a division of the DPIE) to conduct the revaluation of its Land and Buildings. The Authority also engage an independent statistician, to review the NSW Valuation Services process and valuation results.

The effective valuation date adopted in 2020-21 for the Authority's Land and Buildings revaluations is 31 March 2021 (31 March 2020 in 2019-20).

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.

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2021

(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. INTANGIBLE ASSETS

(a) Computer Software

	2021 \$'000	2020 \$'000
Non-Current		
At Fair Value	595	595
Less Accumulated Depreciation	(231)	(33)
Carrying Amount at 30 June	364	562

(b) Reconciliation of Opening and Closing Carrying Amounts

	2021 \$'000	2020 \$'000
Computer Software		
Carrying Amount at 1 July	562	-
Additions	-	595
Amortisation Expense (Note 2(e))	(198)	(33)
Carrying Amount at 30 June	364	562

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2021

(c) Recognition and Measurement

The entity recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be finite

The entity's intangible assets are amortised using the straight-line method over a period of 3 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

10. 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(f), 7 and 8):

(a) Fair Value Hierarchy

2021	Level 1	Level 2	Level 3	Total Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment				
Land and Buildings	-	174,162	-	174,162
Non-Current Assets Held for Sale	-	505	-	505
	-	174,667	-	174,667
2020	Level 1	Level 2	Level 3	Total Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment				
Land and Buildings	-	173,165	-	173,165
Non-Current Assets Held for Sale	-	233	-	233
	-	173,398	-	173,398

(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 (i.e. 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

TEACHER HOUSING AUTHORITY OF NSW

Section D: Liabilities

Notes to and Forming Part of the Financial Statements for 30 June 2021

11. CURRENT LIABILITIES - PAYABLES

(a) Payables

	2021 \$'000	2020 \$'000
Current		
Other Creditors and Accruals	11,677	4,953
Total Current Payables	11,677	4,953

Recognition and Measurement - Payables

Payables are recognised for amounts due to be paid in the future for goods or services received, whether 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 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 TC 11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the 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.

12. CURRENT LIABILITIES - PROVISIONS

(a) Provision for Personnel Services

	2021 \$'000	2020 \$'000
Current		
Provision for Personnel Services	376	-
Total Provision for Personnel Services	376	-

TEACHER HOUSING AUTHORITY OF NSW

Section D: Liabilities

Notes to and Forming Part of the Financial Statements for 30 June 2021

(b) Provision for Personnel Services - Movement

	2021 \$'000	2020 \$'000
Carrying Amount at 1 July	-	-
Addition	376	-
Carrying Amount at 30 June	376	-
Provision for Personnel Services - Dissection	2021 \$'000	2020 \$'000
Annual Leave (i)	235	-
Long Service Leave On-costs (ii)	141	-
Carrying Amount at 30 June	376	-

The Authority receives personnel services from the DPIE. The DPIE is not a Special Purpose Service Entity and does not control the Authority under this arrangement (Note 1(a)). As the Authority is not an employer, the disclosure requirements of AASB 119 "Employee Benefits" in respect of employee benefits do not apply. However, for clarity and transparency, a Personnel Services Provision is disclosed where the substance of the underlying liability recognised effectively represents employee benefits.

(i) Annual Leave

A liability for annual leave and associated on-costs is recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave On-costs

A liability is recognised for certain long service leave related on-costs and additional employee benefit costs that arise on incurring long service leave, including payroll tax, workers compensation insurance, annual leave, accrued leave while on long service leave taken in service and defined contribution superannuation. This long service leave on-cost liability is calculated in accordance with the requirements of Treasury Circular 21-03 and is based on the long service leave liability recognised by the DPIE in respect of employees of the Authority.

The DPIE's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The DPIE accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

All long service leave taken by employees of the Authority is reimbursed to the DPIE by the Crown Entity's "Non-Budget Sector Long Service Leave Pool Scheme". Accordingly, The Authority only recognises the consequential costs associated with long service leave.

(e) Recognition and Measurement - Provisions

Provisions are recognised when the Authority has a present obligation as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

TEACHER HOUSING AUTHORITY OF NSW

Section E: Equity

Notes to and Forming Part of the Financial Statements for 30 June 2021

13. 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	2021 \$'000	2020 \$'000
Carrying Amount at 1 July	113,414	105,689
Net Increase/(Decrease) on Revaluation (Note 8(a))	9,568	11,698
Transfer to Accumulated Funds on Disposal of PP&E (b)	-	(3,973)
Carrying Amount at 30 June	122,982	113,414
Dissection by Asset Class:		
Land and Buildings	122,982	113,414
Total Asset Revaluation Reserve at 30 June	122,982	113,414

(b) Accumulated Funds

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

Accumulated Funds Movement	2021 \$'000	2020 \$'000
Carrying Amount at 1 July	63,233	65,076
Net Result for the Year	(768)	(5,816)
Transfer from Asset Revaluation Reserve on Disposal of PP&E (a)	-	3,973
Carrying Amount at 30 June	62,465	63,233

TEACHER HOUSING AUTHORITY OF NSW

Section F: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2021

14. 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 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 regular basis.

(a) Financial Instrument Categories

(i) As at 30 June 2021 under AASB 9

Class	Notes	Category	Carrying amount \$'000
Financial Assets			
Cash and Cash Equivalents	5	Amortised Cost	13,764
Receivables (i)	6	Amortised Cost	4,410
Financial Liabilities			
Payables (ii)	11	Financial Liabilities measured at Amortised Cost	11,677

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

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

(ii) As at 30 June 2020 under AASB 9

Class	Notes	Category	Carrying amount \$'000
Financial Assets			
Cash and Cash Equivalents	5	Amortised Cost	6,510
Receivables (i)	6	Amortised Cost	400
Financial Liabilities			
Payables (ii)	11	Financial Liabilities measured at Amortised Cost	4,953

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

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

The Authority 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.

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When the Authority has transferred its rights to receive cash flows from an asset or has entered 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 results.

(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 of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for 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 and the Authority has not granted any material financial guarantees, individually or in aggregate. 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.

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.

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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.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes, 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 2021 and 30 June 2020 was determined as follows:

30 June 2021		\$'000				
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated total gross carrying amount at default	1,013	2,678	382	237	100	4,410
Expected credit loss	-	-	-	-	-	-

30 June 2020		\$'000				
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	2.4%	1.1%	1.8%	17.80%	22.79%	7.90%
Estimated total gross carrying amount at default	4	273	19	16	124	436
Expected credit loss	-	3	-	3	30	36

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 2021. 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.

The Authority's financial liabilities included in Note 14(a) will mature in less than 1 year. The Authority does not have any credit facility at 30 June 2021 (2020: Nil).

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 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.

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(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 commodity contracts.

(iv) Fair Value of Financial Instruments

The Authority's financial instruments are recognised at cost. The amortised cost of the Authority's financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of the financial instruments. The Authority has not identified any financial instruments whose fair value differs materially from the carrying amount.

15. 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 are 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

	2021 \$'000	2020 \$'000
Capital expenditure contracted at balance date but not provided for:		
Payable within one year	855	5
Total Capital Expenditure Commitments	855	5

Total capital expenditure commitments relate to contracted capital works on residential housing.

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

	2021 \$'000	2020 \$'000
Operating expenditure contracted at balance date but not provided for:		
Property Maintenance Commitments	2,258	3,972
Total Property Maintenance Commitments	2,258	3,972

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.

16. 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 contingent assets or liabilities as at 30 June 2021 (Nil as at 30 June 2020).

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17. 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 2019-20).

In 2020-21, the Authority incurred \$0.22 million in respect of the Key Management Personnel services (\$0.21 million in 2019-2020).

(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 2020-21, the Authority has not entered other transactions with Key Management Personnel, their close family members and controlled or jointly controlled entities thereof (Nil in 2019-20).

(c) Transactions and Outstanding Balances with Other Government Entities

During 2020-21, the Authority entered 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.

Related parties	Transactions	2021	2020
		\$'000	\$'000
Department of Education	Receiving Rental subsidy	4,994	5,120
Department of Education	Receiving Operation funding	6,627	7,120
Department of Planning, Industry and Environment	Receiving Stimulus	23,600	-
	Receiving Personnel Services	1,725	2,518
		36,946	14,758

18. AFTER REPORTING DATE EVENTS

Management is continuously evaluating the COVID-19 impact on the Authority and has concluded that while it is reasonably possible that the COVID-19 could have a negative effect on the results of its future operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Authority has not identified any events or transactions post 30 June 2021 that are material to require adjustments or disclosures in the financial report.

End of Audited Financial Statements