

Department of Planning and Environment

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Teacher Housing Authority of NSW

Annual Report 2021-2022

Financial statements for the year ended 30 June 2022
and statutory information





Acknowledgement of Country

The Department of Planning and Environment acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Teacher Housing Authority of NSW

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Cover image: teacher housing in Coonamble, NSW.

Acknowledgements

The Teacher Housing Authority thanks the Department of Education for its partnership and ongoing support for our programs

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The Hon. Anthony Roberts, MP
Minister for Homes
GPO Box 5341
SYDNEY NSW 2001

Teacher Housing Authority NSW - Annual Report 2021-22

Dear Minister Roberts

We are pleased to submit the Annual Report for Teacher Housing Authority of NSW, for the year ended 30 June 2022, 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

Emma Nicholson
Chair
Teacher Housing Authority

Gregory Phipson
Director, Housing Services
Homes, Property and Development Group

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 section 6 of the Act, the principal objective of THA is to provide and maintain suitable and adequate housing accommodation for teachers. THA also has the following objectives:

- the initiation, promotion, commission and undertaking of surveys and investigations into the housing needs of teachers;
- the undertaking, promotion and encouragement of research into the design, construction and maintenance of housing suitable for teachers;
- the planning of the provision of a comprehensive and coordinated housing service for teachers throughout NSW;
- the provision, conduct, operation and maintenance of a housing service for teachers; and
- the advising of, and the making of reports and recommendations to the Minister in respect of matters relating to the housing of teachers.



New Units in Coleambally

2 Aims and objectives



The aims and objectives of the THA are to provide:

- a responsive, dependable, empathetic and high quality level of service;
- sufficient housing supply in priority locations to meet the housing needs of teachers;
- quality, high standard homes;
- a relevant and efficient organisation covering all aspects of tenancy service and asset management; and
- an organisation that engages effectively with its workforce, creates a culture of continuous improvement and informed decision making.

3 Access

Teacher Housing Authority of NSW

4PSQ, 12 Darcy Street, Parramatta NSW 2150

Locked Bag 5022 Parramatta NSW 2124

housingservices@dpie.nsw.gov.au

Telephone: (02) 8276 8000 or 1300 137 343 – Toll Free

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

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



Broken Hill

4 Management and structure



THA is part of the Homes, Property & Development group within the Department of Planning and Environment.

THA is a corporation constituted under the *Teacher Housing Authority Act 1975*.

The THA Board has 7 members, and the Board is responsible for determining policies and ensuring its activities are carried out properly and efficiently.

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

Method and term of appointment of THA Board Members

The 7 members of the THA Board are appointed in accordance with section 7 of the Act.

Four are appointed by the Governor of New South Wales (the Governor), and 3 are ex officio.

Of the 4 members appointed by the Governor:

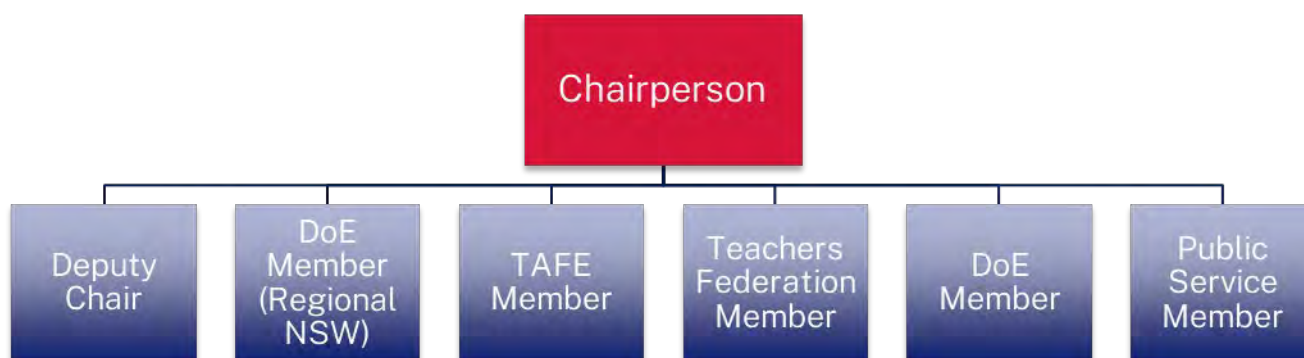
- one was nominated by the then Minister for Housing, and, is Deputy Chairperson;
- one was nominated by the Secretary, Department of Education, being an officer of that department serving in the western or north-western region of the State;
- one was nominated by the Managing Director of the NSW TAFE 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 3 ex-officio members:

- one is the nominee of the Secretary of the Department of Planning and Environment, being an officer of that department and is the Board's Chairperson;
- one is a person employed by the Department of Education, appointed by the Secretary of the 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 5 years and may be reappointed after the completion of a 5-year term under section 10(1) of the Act.

THA membership structure



THA Members at 30 June 2022

Deborah Brill

MSW, MBA

Deputy Chief Executive and Head of Policy and Innovation, NSW Land and Housing Corporation

Chairperson, Nominee of the Secretary of Department of Planning and Environment.

Catrina Kim

BArch, BSc (Arch)

Regional Portfolio

Director (SE), NSW Land and Housing Corporation, Department of Planning and Environment

Deputy Chairperson (September 2018 - current). Nominee of the then Minister for Homes.

Vacant

Teachers Federation of NSW Member

Nominee of the Minister for Education, on the request of the NSW Teachers' Federation.

Rian Thompson

MappFin, BEcon

Director Strategy & Governance, Human Resources, Department of Education

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

James Mills

BEcon

Senior Finance Business Partner West Region TAFE NSW

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

Adelia Fuller

BA, Dip Ed

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

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

Greg Phipson

AAPI

Director, Housing Services
Executive Member (February 2017 - current)

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

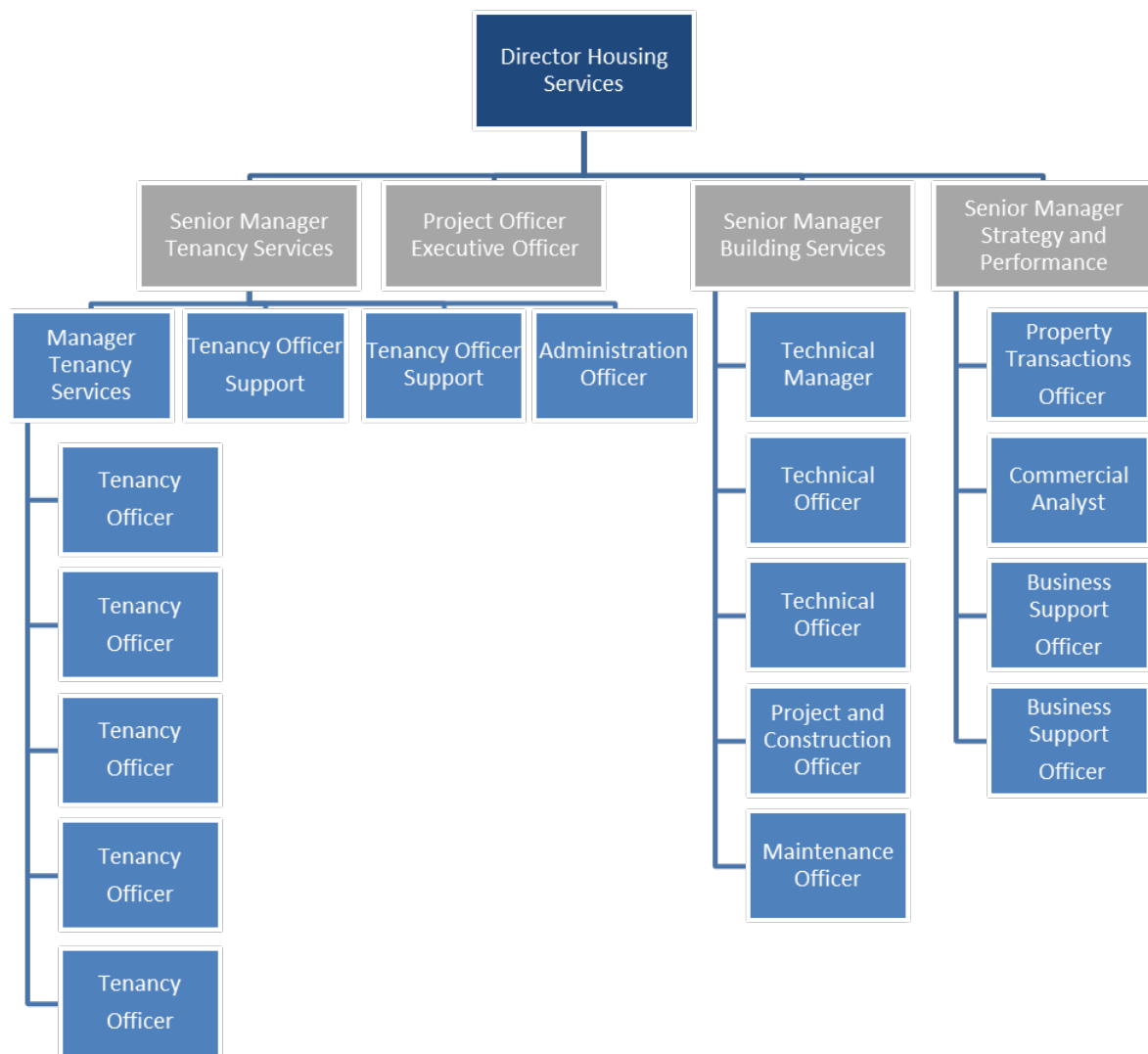
Authority meetings

The THA Board met on 4 occasions during 2021-22, with a quorum of 4 in attendance on each occasion. Member attendance was as follows:

Board Member	Eligible to Attend	Attended
Deborah Brill	4	4
Catrina Kim	4	4
Richard Wiseman (membership expired on 9 May 2022)	3	2
James Mills	4	1
Rian Thompson	4	3
Adelia Fuller	4	3
Greg Phipson	4	4

Housing Services team structure

Housing Services manages the functions of THA and is part of the NSW Land and Housing Corporation staff complement.



5 Summary review of operations

On 30 June 2022, the THA portfolio consisted of 1,327 properties, comprising 1,299 dwellings and 28 parcels of vacant land.

Included in the 1,299 dwellings are 107 dwellings owned by Department of Education and 18 dwellings head leased by THA for teachers to use.

During the year, the average utilisation rate was 83.1%.

The average teacher utilisation rate was 75.7%.

The THA Tenancy Team processed 1,025 applications for housing throughout the year and 525 notices to vacate. THA placed 561 teachers into THA accommodation.

In addition to tenancy management, THA undertook 3 key programs of work, with work undertaken across 200 communities in 67 local government areas:

- heating, cooling, and solar system upgrades to 55 dwellings;
- major refurbishment to 39 dwellings; and
- construction of 4 dwellings with a further 6 new dwelling construction projects commenced in 2021-22, that are scheduled for completion in 2022-23.



School residence in Boorowa

6 Management and activities

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

The THA meets with Department of Education 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 2021-22 include:

- 55 heating, cooling, and solar system upgrades focusing on the hottest towns;
- 39 major refurbishments for \$4.5 million improving living standards for teachers;
- 4 new units in Coonamble to assist with supply;
- 7 properties, surplus to needs, were sold during the year, contributing \$1.1 million towards the supply of new teacher housing;
- acquisition of 4 units in Broken Hill, one house in Deniliquin, and one vacant parcel of land in Narrabri for \$2 million; and
- completion of over 8,500 maintenance jobs for \$3.4 million.

Staff visited 63 out of 200 communities. The town visit program was impacted by the COVID travel restrictions as well as road closures due to flooding events and difficulty with travel by air.

THA has continued its ongoing communication with schools, and, will continue to meet with schools for the remainder of the 2022 calendar year in person and via virtual meetings.

THA's major programs will continue into 2022-23, bolstered by additional revenue anticipated from Department of Education and allocation of capital investment under the 2022 NSW State Budget. Major programs planned include:

- refurbishments of over 50 major ageing and failing dwellings;
- up to 150 heating, cooling, and solar upgrades; and
- supply of up to an additional 70 new dwellings.

Case study: 4 new units in Coonamble

Stewart Vidler, Executive Principal – Coonamble High School February 2022



Coonamble is a small rural service centre with a stable population of around 3,000 people. Coonamble is located on the Castlereagh Highway north-west of Gilgandra on the central-western plains of NSW, and is 536 km north-west of Sydney via Mudgee or 160km north of Dubbo.

Coonamble High School is a rural school that operates as a Connected Communities, comprehensive, co-educational school. The enrolments at the school are about 200 students, of whom 66% are Aboriginal. Coonamble High School pursues a holistic approach to teaching students, focused on wellbeing and learning that is student centred and embedded in 21st century pedagogy.

‘We are a dynamic community of learners and pride ourselves on respect for all in our community and celebrate the rich diversity of our young people. We operate within a culture of high expectations of and for staff, students, families and the wider community.’

‘As a Connected Communities school, we work in partnership across the wider community enabling a future focused approach supporting our students to achieve outstanding outcomes.’

Why in Coonamble

In the town, there is very little private rental available. The main back up accommodation option is the local caravan park which charges up to \$750 per week for an onsite van.

‘It’s boom or bust, in the harvest period, there was absolutely nothing available.’

For the Coonamble community, Teacher Housing has worked well. There are approximately 20 teacher housing properties that are always full. The housing is available to the high school and the primary school. There is also subsidised housing for staff not accommodated in Teacher Housing, which is also important for supporting staff retention.

Approximately two-thirds of teaching staff are in some form of subsidised housing in the private market, or Teacher Housing. There are 4 additional new Teacher Housing

properties under construction to replace old stock. These new homes will be available in 2022-23, and are suitable for a mix of singles, partners and family arrangements.

'The quality (and availability) of the housing allows me to staff my school. This year I started with a full staff complement, this is very unusual in regional NSW.'

'When it doesn't work, I can't put a teacher in front of a class and we can't offer a range of subjects for the HSC. Which means kids go to boarding school or get bused out to schools hours away. And most importantly the confidence in public education is damaged – it takes a long time to build this up and this can easily be lost, if you lose that confidence it is bloody hard to get back.'

When the principal was visited recently by Premier Perrottet, he was asked 'how can I make living here easier?'

'We need to be able to make it easier for teachers to bring their partner to town and find work with government agencies such as Police, Local Government and Health.'

What THA completed

THA built two x 3 bedroom, double garage dwellings, and two x 2 bedroom, single garage dwellings that are partially furnished with a fenced yard and solar panels.

Positive outcome

- provision of quality accommodation for teachers in Coonamble;
- tenants have provided positive feedback since moving into the properties; and
- benefit to the wider community through local participation in the project.

Final Comments from Executive Principal of Coonamble High School, Stewart Vidler

- Quality suitable housing in Coonamble is rare. Much of the housing stock in the private market is old and often not suitable for teachers and their families.
- Because of the popularity of the existing teacher housing in Coonamble, we have not been able to give up older THA stock, so the new units were eagerly snapped up as soon as they were finished.
- Because we are continuing to recruit staff across both the public schools in town, this demand will not be diminished for the foreseeable future.
- The types of housing the new units represent are well suited to the lifestyle of the teachers coming to town to live in them: smaller, low maintenance and fenced for a pet. We often attract empty nesters, young teachers starting out or those 'driving in and driving out' on the weekends from a larger regional centre nearby.
- The proposition we put to potential teachers is two-fold: come to Coonamble as a low cost of living place to advance your career, and, have a high quality of life in a friendly small community. Having better quality of teacher housing on offer ticks both boxes.
- The market for teachers right now is very hot. Any edge we can enjoy over locations elsewhere in the state means we can staff our schools and continue to provide a quality education to the families of the Coonamble community.

7 Human resources

Employment statistics (number of FTE)

Division	2018 ^{1, 2}	2019 ^{1,2, 3}	2020 ^{1,2,3}	2021 ^{1,2,3}	2022 ^{1,2,3}
Senior Executive	1.0	1.0	0.8	0.8	0.8
Senior Officer	-	-	-	-	-
Ongoing	12.0	14.0	15.2	15.2	15.2
Temporary	2.0	1.0	-	0.8	0.8
Total	15.0	15.0	16.0	16.8	16.8

	2021 ^{4 5 6}				2022 ^{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 data as of 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 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 2 months.

Employee related costs

	2021		2022	
Senior Executive Band	Range \$	Average Remuneration \$	Range \$	Average Remuneration \$
Band 4 (Secretary)	487,051 – 562,650	0	499,251 – 576,700	0
Band 3 (Deputy Secretary)	345,551 – 487,050	0	354,201 – 499,250	0
Band 2 (Executive Director)	274,701 – 345,550	0	281,551 – 354,200	0
Band 1 (Director)	192,600 – 274,700	201,411	197,400 – 281,550	191,183

Employee related costs 2021-22	Amount
Executive	\$191,183
Non-Executive	\$1,744,742
Total	\$1,935,925
Ratio Senior Executive	9.88%

Note: In 2021-22, 9.88% of employee related expenditure was for senior executive, compared with 2020-21 which was 10.61%.

8 Workforce diversity

Workforce Diversity Group	Benchmark	2018	2019	2020	2021	2022
Women ⁷	50%	60.0%	68.8%	72.7%	69.1%	64.9%
Aboriginal People and/or Torres Strait Islander People ⁸	3%	0.0%	0.0%	0.0%	0.0%	0.0%
People whose First Language Spoken as a Child was not English ⁹	22.3%	26.7%	12.5%	23.7%	22.6%	25.7%
People with a Disability	5.6%	0.0%	0.0%	0.0%	0.0%	0.0%



Blakey St Cobar

⁷ The benchmark of 50% for representation of women across the sector is intended to reflect the gender composition of the NSW community.

⁸ 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.

⁹ 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 did not engage any consultants in the financial year ended 30 June 2022.

10 Consumer response

THA introduced an annual Customer Satisfaction (CSAT) Survey in 2018.

The survey is issued each calendar year.

CSAT Survey August 2022 (measuring service in FY 2021/22)

THA issued 1,024 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 267 respondents, giving a response rate of 26%.

THA received a satisfaction score of 69 from the possible 100.

This is a reduction from last survey which scored 76 of a possible 100.

The issues below have been observed by the survey.

- Quality of housing
- Resolving maintenance issues / response times



Walgett

11 Payment of accounts

The table below highlights THA's account payment performance for 2021-22.

Account Payment Performance	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
All Suppliers					
Value of Invoices Paid (\$'000)					
Paid before due	6,719	1,489	1,878	3,726	13,811
<30 Days Overdue	1,297	1,489	1,266	1,179	5,231
30-60 Days Overdue	130	147	73	116	466
60-90 Days Overdue	21	241	72	39	373
>90 Days Overdue	5	1,295	35	11	1,346
Total Value of Invoices Paid (\$'000)	8,172	4,662	3,322	5,070	21,227
% Paid on Time - By Value	82%	32%	57%	73%	65%
Number of Invoices Paid					
Paid Before Due Date	3,728	5,078	4,168	4,142	17,116
Paid Past Due Date	948	1,603	1,014	839	4,404
Total Number of Invoices Paid	4,676	6,681	5,182	4,981	21,520
% Paid on Time - By Number	80%	76%	80%	83%	80%
Interest Paid					
Interest Paid on Overdue Invoices	-	-	-	-	-

Account Payment Performance	1st QTR	2nd QTR	3rd QTR	4th QTR	Total
Small Business Suppliers					
Value of Invoices Paid (\$'000)					
Paid before due	24	13	6	8	51
<30 Days Overdue	-	6	14	12	31
30-60 Days Overdue	-	-	-	-	-
60-90 Days Overdue	-	-	-	-	-
>90 Days Overdue	-	-	-	-	-
Total Value of Invoices Paid (\$'000)	24	19	26	20	89
% Paid on Time - By Value	100%	69%	23%	42%	58%
Number of Invoices Paid					
Paid Before Due Date	3	3	3	6	15
Paid Past Due Date	-	1	6	2	9
Total Number of Invoices Paid	3	4	9	8	24
% Paid on Time - By Number	100%	75%	33%	75%	63%
Interest Paid					
Interest Paid on Overdue Invoices	-	-	-	-	-

12 Risk management and business continuity



Risk management

Department of Planning and Environment supports THA to manage risks.

In 2021-22, 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 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.

The department supports risk management for THA through a business partnering model operated by the Governance Division within the department.

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.

THA has a current business continuity plan in place and applies the department's continuity management (BCM) process which applies to all departmental employees and is based on ISO22301:2019

THA maintains appropriate insurance arrangements, consistent with the risk profile for the business.

Internal audit

During the reporting period, 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 Department of Planning and Environment 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 2021-22 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.

During 2021-22, members of the collaborative ARC were:

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

The ARC met 5 times during 2021-22 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 2021-22 Internal Audit Plan. The Audit and Risk Committee met its responsibilities under the Charter during 2021-22.

Ethics and integrity

THA applies the Department of Planning and Environment Code of Ethics and Conduct, accessible via the department's website¹⁰, and identifies and monitors its strategies and controls for preventing fraud and corruption.

Conduct of THA staff during the 2021-22 year is in compliance with the Code.

Public interest disclosures

Under the *Public Interest Disclosures Act 1994*, each public authority is required to prepare an annual report on its obligations under this Act.

This information for THA is captured in Department of Planning and Environment's Annual Report as all public interest disclosures are managed centrally by the lead cluster department.

¹⁰ https://www.dpie.nsw.gov.au/_data/assets/pdf_file/0008/348992/Code-of-Ethics-and-Conduct.pdf

13 Corporate governance

Public Access to Information

Under Schedule 3 of the *Government Information (Public Access) Regulation 2018*, THA is a subsidiary agency for the purposes of the *Government Information (Public Access) Act 2009* (GIPA Act). Any formal applications for information from THA are dealt with by Department of Planning and Environment and are reported on by the department.

Standing Order 52

During the reporting period, the NSW Legislative Council did not compel 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.



Eco Village Sulphide St Broken Hill

14 Internal audit and risk management attestation statement for 2021–22

I, Catrina Kim, Acting Board Chair, 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 7 core requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core requirements

Risk Management Framework

Item	Description	Result
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

Item	Description	Result
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

Item	Description	Result
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

Shared Arrangements

I, Catrina Kim, Acting Board 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.

Emma Nicholson
Chair,
Teacher Housing Authority

15 Digital information security policy attestation

Cyber Security Annual Attestation for the 2021-2022 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 in place via the Department of Customer Service cluster and has 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 2021-2022 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 2021-2022 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

5 September 2022

16 Multicultural policies and services program



The multicultural policies, programs, action plans, and initiatives are included in the Department of Planning and Environment 2021-22 Annual Report.

17 Work health and safety (WHS)

In 2021-22, THA continued to take a proactive approach in managing the safety of all employees, other workers and visitors to its properties, sites, and activities.

THA's WHS activities for 2021-22 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 repairs and maintenance; and
- updating the process for managing risk including contractors and managing agents.

WHS incidents – Teacher Housing Authority

There were no SafeWork NSW notifiable incidents or dangerous occurrences affecting staff in 2021-22.

WHS induction and training

THA staff were required to complete 8 mandatory LAHC WHS courses, with THA achieving a 100% completion rate at 30 June 2022:

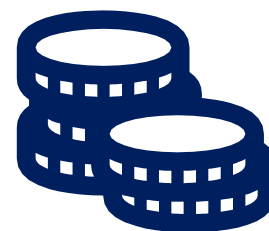
- LAHC/Department of Planning and Environment COVID-19 WHS Awareness
- LAHC WHS Office Ergonomics eLearn
- LAHC WHS Safety in The Field eLearn
- LAHC WHS Asbestos Awareness eLearn
- LAHC WHS Managing Workplace Violence eLearn
- LAHC WHS Due Diligence eLearn
- LAHC Work Health and Safety (WHS) Foundations;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

WHS consultation

The WHS Consultative Committee continued to actively consult on WHS issues including:

- Consulting with the Land and Housing Corporation (LAHC) WHS team 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 for staff via multiple means of communication to raise awareness.

18 Budgets



Performance against budget

THA delivered accommodation to teachers in rural and remote areas within tight capital and operating expenditure budgets.

THA finished the year with a net operating loss of \$0.2 million. This included non-cash depreciation of \$7.2 million.

The favourable variance of \$1.6 million is due to an additional grant income from Department of Education for capital projects and property refurbishments.

Budget overview

THA's total budgeted revenue of \$17.8 million in 2021-22 was made up of:

- rental income of \$11.1 million, generated from a property portfolio of 1,299 residences
- a grant from Department of Education for \$0.6 million, towards the maintenance of Department of Education-owned residences
- a government contribution of \$6.0 million delivered via Department of Education
- Salary reimbursement of \$0.6 million from Property NSW.

In the 2022-23 financial year, THA has budgeted a net operating surplus of \$86.5 million mainly due to capital grant income of \$94.4 million as part of 2022 NSW Budget funding allocation for housing initiatives for essential workers.

Item	2020-21 actual \$'000	2021-22 actual \$'000	2021-22 Budget \$'000	2021-22 variance \$'000	2022-23 budget \$'000
Expenses	42,645	25,851	24,109	1,742	27,004
Revenues	42,348	25,536	17,750	7,786	113,577
Other gains/(losses)	(471)	104	4,550	(4,446)	(96)
Net operating result - surplus/(deficit)	(768)	(211)	(1,809)	1,598	86,477

19 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 Homes, Property and Development, under which THA has been consolidated, manages its obligations under the PIIP Act is available at <https://www.dpie.nsw.gov.au/privacy>

20 Numbers and remuneration of senior executives

See Human Resources above.

21 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.

22 Exemptions and nil reports

Reporting requirement	Reason for exemption
Legal changes	There were no changes to THA's legislation during 2021-22.
Economic or other factors	There were no economic factors affecting THA's operational objectives.
Research and development	No research and development were conducted during 2021-22.
Funds granted to non-government community organisations	THA does not grant funds to non-government community organisations.
Disclosure of controlled entities	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	THA does not control or hold shares in any subsidiaries within the meaning of the <i>Corporations Act 2001</i> .
Implementation of price determination	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 2021-22. The THA keeps a register of government contracts greater than \$150,000.
Promotion	No Board or staff member travelled overseas on official business during 2021-2022.
Investment Performance	All THA investment was in accordance with Division 6.4 of the <i>Government Sector Finance Act 2018</i> , with cash reserves held in Treasury Banking System bank accounts.
Liability management performance	Not applicable, as THA's level of debt was less than \$20 million.
Agreements with Multicultural NSW	THA has no agreements with Multicultural NSW.
Multicultural Policies and Services Program	Shall be included in the Department of Planning and Environment 2021-22 Annual Report.
Requirements arising from employment arrangements	Not applicable.



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 Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, 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 2022 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Members of the Authority are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received 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 of the Authority are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation 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

25 October 2022
SYDNEY



Teacher Housing Authority of NSW

Financial Statements

For the Year Ended 30 June 2022

Statement by the Accountable Authority

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), we state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- present fairly the Teacher Housing Authority of NSW's financial position, financial performance and cash flows.

Emma Nicholson
Chair
Teacher Housing Authority of NSW

Date: 24 October 2022

Gregory Phipson
Director, Housing Services
Teacher Housing Authority of NSW

Date: 24 October 2022

TEACHER HOUSING AUTHORITY OF NSW

Start of Audited Financial Statements

Statement of Comprehensive Income

For the Year Ended 30 June 2022

	Note	Actual 2022 \$'000	Actual 2021 \$'000
Continuing Operations			
Expenses			
Operating Expenses:			
Property maintenance	2(a)	11,594	27,017
Property rates	2(b)	2,395	2,332
Personnel services	2(c)	1,936	1,725
Other operating expenses	2(d)	2,736	4,771
Depreciation and amortisation expense	2(e)	7,190	6,800
Total Expenses		25,851	42,645
Revenue			
Sale of goods and services	3(a)	11,174	10,766
Investment revenue	3(b)	16	16
Service payment and contribution	3(c)	14,416	30,227
Other revenue	3(d)	(70)	1,339
Total Revenue		25,536	42,348
Operating Result		(315)	(297)
Gain/(loss) on disposal of non-current assets	4(a)	104	(471)
NET RESULT		(211)	(768)
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)	36,009	9,568
Total Other Comprehensive Income		36,009	9,568
TOTAL COMPREHENSIVE INCOME		35,798	8,800

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Statement of Financial Position

As at 30 June 2022

	Note	Actual 2022 \$'000	Actual 2021 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	13,927	13,764
Receivables	6	4,598	5,609
Non-current Assets Held for Sale	7	95	505
Total Current Assets		18,620	19,878
Non-Current Assets			
Property, Plant and Equipment			
Land and Buildings		204,563	174,162
Work in Progress		4,842	3,096
Total property, plant and equipment	8	209,405	177,258
Intangible Assets	9	165	364
Total Non-Current Assets		209,570	177,622
TOTAL ASSETS		228,190	197,500
LIABILITIES			
Current Liabilities			
Payables	11	6,506	11,677
Provisions	12	439	376
Total Current Liabilities		6,945	12,053
TOTAL LIABILITIES		6,945	12,053
NET ASSETS		221,245	185,447
EQUITY			
Asset Revaluation Reserve	13(a)	158,991	122,982
Accumulated Funds	13(b)	62,254	62,465
TOTAL EQUITY		221,245	185,447

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 2022

	Note	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at 1 July 2021		62,465	122,982	185,447
Net Result for the Year		(211)	-	(211)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment revaluation surplus	13(a)	-	36,009	36,009
Total other comprehensive income		-	36,009	36,009
Total comprehensive income for the Year		(211)	36,009	35,798
Balance as at 30 June 2022		62,254	158,991	221,245
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
Total other comprehensive income		-	9,568	9,568
Total comprehensive income for the Year		(768)	9,568	8,800
Balance at 30 June 2021		62,465	122,982	185,447

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	Actual 2022 \$'000	Actual 2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Property and Administration		(18,743)	(29,249)
Personnel Services Expenses		(1,979)	(1,715)
Total Payments		(20,722)	(30,964)
Receipts			
Rental Income		10,626	9,845
Investment Income		16	16
Service payment and contribution		12,858	30,227
Total Receipts		23,500	40,088
NET CASH FLOWS FROM OPERATING ACTIVITIES	5(b)	2,778	9,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Disposal of Non-Current Assets		1,067	1,609
Purchases of Property, Plant and Equipment		(3,682)	(3,479)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,615)	(1,870)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		163	7,254
Opening Cash and Cash Equivalents		13,764	6,510
CLOSING CASH AND CASH EQUIVALENTS	5(a)	13,927	13,764

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 2022

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 2022 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 and Environment (DPE). DPE, 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 24 October 2022.

(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 2022

(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.

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 2022

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

(i) Effective for the First Time in 2021-22

The accounting policies applied in 2021-22 are consistent with those of the previous financial year except as a result of the following revised Australian Accounting Standards that have been applied for the first time in 2021-22:

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures For-Profit and Not-for-Profit Tier 2 Entities
- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts
- 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 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021
- AASB 2022-2 Amendments to Australian Accounting Standards – Extending Transition Relief under AASB 1

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

(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 2022 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 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 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards
- AASB 2021-7a Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information
- AASB 2022-3 Amendments to Australian Accounting Standards – Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

(h) Impact of COVID-19 on Financial Reporting for 2021-22

COVID-19 has a minimal impact on the Authority's rental income in 2021-22. COVID-19 did not have any significant impact on the expected credit losses of Receivables and the fair value of Property, Plant and Equipment.

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2022

2. EXPENSES

(a) Property Maintenance

	2022 \$'000	2021 \$'000
Property Refurbishment	4,683	14,039
General Maintenance	2,766	2,725
Ground/Yard Maintenance	1,203	1,085
Furnishings, Fixtures and Fittings	717	734
Plumbing	604	625
Electrical	330	265
Air Cooling Installation and Maintenance	322	434
Air Conditioners & Fans	844	7,007
Fire Protection	125	103
Total Property Maintenance	11,594	27,017

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 decrease in Property Maintenance in 2021-22 was due to the absence of stimulus spending for accelerated maintenance and repairs on residential properties owned by the Authority in 2020-21 (Note 3(c)(ii)).

(b) Property Rates

	2022 \$'000	2021 \$'000
Annual Rates	1,781	1,727
Water Rates	530	543
Electricity Rates	56	44
Gas Rates	28	18
Total Property Rates	2,395	2,332

(c) Personnel Services

	2022 \$'000	2021 \$'000
Salaries and Wages (including Recreation Leave)	1,569	1,444
Voluntary Redundancies	122	-
Payroll Tax and Fringe Benefits Tax	130	113
Superannuation	115	168
Total Personnel Services	1,936	1,725

Personnel services were provided by DPE 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 2022

(d) Other Operating Expenses

	2022 \$'000	2021 \$'000
Shared Service Fees (i)	86	2,351
Property Management Fees	1,108	1,114
Other General Administration	235	118
Property Valuations	164	166
Insurance (ii)	845	713
Computer Systems Development	43	50
Travel Expenses	57	49
Audit Fees	197	73
Legal Fees	1	137
Total Other Operating Expenses	2,736	4,771

- (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 DPE in 2021-22.
- (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

	2022 \$'000	2021 \$'000
Depreciation of:		
Buildings (Note 8(a))	6,991	6,602
	6,991	6,602
Amortisation of:		
Computer System & software (Note 9(b))	199	198
	199	198
	7,190	6,800

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	2022 Years	2021 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 2022

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

	2022	2021
	\$'000	\$'000
Rental Income	11,174	10,766
	11,174	10,766

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

	2022	2021
	\$'000	\$'000
Interest Revenue	16	16
	16	16

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.

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2022

(c) Service Payment and Contribution

	2022 \$'000	2021 \$'000
DPE Contribution	1,070	-
DoE Contribution	12,746	6,027
Annual DoE Contribution (i)	600	600
State Government - Recurrent Contribution (ii)	-	23,600
	14,416	30,227

- (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) The significant decrease in State Government - Recurrent Contribution in 2021-22 was due to the absence of grant for stimulus spending for accelerated maintenance and repairs on residential properties owned by the Authority. 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 DPE 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.

(d) Other Revenue

	2022 \$'000	2021 \$'000
Insurance Recoveries (i)	1	1,216
Acceptance by Crown (ii)	(71)	123
	(70)	1,339

- (i) Recoveries of insurance claims for damaged properties from insurer.
- (ii) On-cost expenses of Long Service Leave and Defined Benefit Superannuation liability assumed by Crown.
The negative revenue in 2021-22 is mainly due to decrease in the provision/liability at the Crown Entity level due to significant increase in the discount rates used to present value the liability at 30 June 2022 compared to 30 June 2021.

4. GAINS AND LOSSES

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

	2022 \$'000	2021 \$'000
Net Proceeds from Disposal of Non-Current Assets	1,067	1,609
Written Down Value (Note 7(b) and 8(a))	(963)	(2,080)
Total Net Gain/(Loss) on Disposal of Non-Current Assets	104	(471)

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2022

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(a) Cash and Cash Equivalents

	2022 \$'000	2021 \$'000
Cash and Cash Equivalents - Current		
Cash at Bank	13,927	13,764
Total Cash and Cash Equivalents	13,927	13,764

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 2022. The analysis is performed on the same basis as in 2021. 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 - 2022	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	13,927	(139)	(139)	139	139
Interest Rate Risk - 2021					
	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	+1% Profit \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	13,764	(138)	(138)	138	138

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

	2022 \$'000	2021 \$'000
Net Cash Flow From Operating Activities	2,778	9,124
Non-Cash Revenues/(Expenses):		
Depreciation and amortisation	(7,190)	(6,800)
Loss/(Gain) on Disposal of Non-Current Assets	104	(471)
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Receivables	(1,011)	4,479
Decrease/(Increase) in Payables and Other Liabilities	5,171	(6,724)
Decrease/(Increase) in Provisions	(63)	(376)
Net Result	(211)	(768)

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2022

6. CURRENT ASSETS - RECEIVABLES

(a) Receivables

	2022 \$'000	2021 \$'000
Current		
Trade Debtors	3,193	4,410
Less: Allowance for expected credit losses (i)	-	-
Subtotal - Trade Debtors	3,193	4,410
Other Receivables:		
Tenancy Liaison Service Agent Advances	956	837
Accrued Income & Other Debtors	449	362
Subtotal - Other Receivables	1,405	1,199
Total Current Receivables	4,598	5,609

(i) Movement in the allowance for expected credit losses

	2022 \$'000	2021 \$'000
Balance at 1 July	-	36
Increase in allowance recognised in net results	-	3
Amount written off during the year	-	(39)
Balance at 30 June 2022	-	-

(b) Recognition and Measurement - Receivables

All 'regular way' purchases or sales of financial assets 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

	2022 \$'000	2021 \$'000
Current		
Land and Buildings	95	505
Total Non-Current Assets Held for Sale	95	505

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2022

(b) Reconciliation of Opening and Closing Carrying Amounts

	2022 \$'000	2021 \$'000
Non-Current Assets Held for Sale		
Carrying Amount at 1 July	505	233
Reclassification from/(to) Property, Plant and Equipment - Land and Buildings (Note 8(a))	-	272
Disposals (Note 4(a))	(410)	-
Carrying Amount at 30 June	95	505

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

	2022 \$'000	2021 \$'000
Non-Current		
Land and Buildings		
At Fair Value	206,524	176,059
Less Accumulated Depreciation	(1,961)	(1,897)
Carrying Amount at 30 June	204,563	174,162
Work in Progress	4,842	3,096
Total Property, Plant and Equipment at 30 June	209,405	177,258

Reconciliation of Opening and Closing Carrying Amounts

	2022 \$'000	2021 \$'000
Land and Buildings		
Carrying Amount at 1 July	174,162	173,165
Additions	1,936	383
Disposals (Note 4(a))	(553)	(2,080)
Reclassification from/(to) Non-Current Asset Held for Sale (Note 7(b))	-	(272)
Net Revaluation Reserve Increment (Note 13(a))	36,009	9,568
Depreciation Expense (Note 2(e))	(6,991)	(6,602)
Carrying Amount at 30 June	204,563	174,162
Work in Progress		
Carrying Amount at 1 July	3,096	-
Additions	1,746	3,096
Carrying Amount at 30 June	4,842	3,096
Total Property, Plant and Equipment at 30 June	209,405	177,258

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2022

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

	2022 \$'000	2021 \$'000
Non-Current		
Land and Buildings		
At Fair Value	206,524	176,059
Less Accumulated Depreciation	(1,961)	(1,897)
Carrying Amount at 30 June	204,563	174,162
Work in Progress	4,842	3,096
Total Property, Plant and Equipment at 30 June	209,405	177,258
Reconciliation of Opening and Closing Carrying Amounts		
	2022 \$'000	2021 \$'000
Land and Buildings		
Carrying Amount at 1 July	174,162	173,165
Additions	1,936	383
Disposals (Note 4(a))	(553)	(2,080)
Reclassification from/(to) Non-Current Asset Held for Sale (Note 7(b))	-	(272)
Net Revaluation Reserve Increment (Note 13(a))	36,009	9,568
Depreciation Expense	(6,991)	(6,602)
Carrying Amount at 30 June	204,563	174,162
Work in Progress		
Carrying Amount at 1 July	3,096	-
Additions	1,746	3,096
Carrying Amount at 30 June	4,842	3,096
Total Property, Plant and Equipment at 30 June	209,405	177,258

(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 2022

(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 (TPP21-09). 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 2021-22. 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 A of TPP21-09 "Valuation of Physical Non-Current Assets at Fair Value" issued by Treasury in July 2021.

In 2021-22, the Authority engaged NSW Valuation Services (a division of DPE) to conduct the revaluation of its Land and Buildings. The Authority also engaged an independent statistician, to review the NSW Valuation Services process and valuation results.

The effective valuation date adopted in 2021-22 for the Authority's Land and Buildings revaluations is 31 March 2022 (31 March 2021 in 2020-21).

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 2022

(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

	2022 \$'000	2021 \$'000
Non-Current		
At Fair Value	595	595
Less Accumulated Depreciation	(430)	(231)
Carrying Amount at 30 June	165	364

(b) Reconciliation of Opening and Closing Carrying Amounts

	2022 \$'000	2021 \$'000
Computer Software		
Carrying Amount at 1 July	364	562
Amortisation Expense (Note 2(e))	(199)	(198)
Carrying Amount at 30 June	165	364

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2022

(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

2022	Level 1	Level 2	Level 3	Total Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment				
Land and Buildings	-	204,563	-	204,563
Non-Current Assets Held for Sale	-	95	-	95
	-	204,658	-	204,658
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

(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 A of TPP21-09) 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 2022

11. CURRENT LIABILITIES - PAYABLES

(a) Payables

	2022 \$'000	2021 \$'000
Current		
Other Creditors and Accruals	6,506	11,677
Total Current Payables	6,506	11,677

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

	2022 \$'000	2021 \$'000
Current		
Provision for Personnel Services	439	376
Total Provision for Personnel Services	439	376

TEACHER HOUSING AUTHORITY OF NSW

Section D: Liabilities

Notes to and Forming Part of the Financial Statements for 30 June 2022

(b) Provision for Personnel Services - Movement

	2022	2021
	\$'000	\$'000
Carrying Amount at 1 July	376	-
Net Addition/(Utilisation)	63	376
Carrying Amount at 30 June	439	376

	2022	2021
	\$'000	\$'000
Annual Leave (i)	355	235
Long Service Leave On-costs (ii)	73	141
Payroll Tax	11	
Carrying Amount at 30 June	439	376

The Authority receives personnel services from DPE. DPE 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 DPE in respect of employees of the Authority.

DPE's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The DPE 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 DPE 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 2022

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	2022 \$'000	2021 \$'000
Carrying Amount at 1 July	122,982	113,414
Net Increase/(Decrease) on Revaluation (Note 8(a))	36,009	9,568
Carrying Amount at 30 June	158,991	122,982
Dissection by Asset Class:		
Land and Buildings	158,991	122,982
Total Asset Revaluation Reserve at 30 June	158,991	122,982

(b) Accumulated Funds

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

Accumulated Funds Movement	2022 \$'000	2021 \$'000
Carrying Amount at 1 July	62,465	63,233
Net Result for the Year	(211)	(768)
Carrying Amount at 30 June	62,254	62,465

TEACHER HOUSING AUTHORITY OF NSW

Section F: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2022

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 2022 under AASB 9

Class	Notes	Category	Carrying amount \$'000
Financial Assets			
Cash and Cash Equivalents	5	Amortised Cost	13,927
Receivables (i)	6	Amortised Cost	3,193
Financial Liabilities		Financial Liabilities	
Payables (ii)	11	measured at Amortised Cost	6,506

(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 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		Financial Liabilities	
Payables (ii)	11	measured at Amortised Cost	11,677

(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.

TEACHER HOUSING AUTHORITY OF NSW

Section F: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2022

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.

TEACHER HOUSING AUTHORITY OF NSW

Section F: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2022

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 2022 and 30 June 2021 was determined as follows:

30 June 2022		\$'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	-	1,343	663	1,084	103	3,193
Expected credit loss	-	-	-	-	-	-

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%	0.00%	0.00%	7.90%
Estimated total gross carrying amount at default	1,013	2,678	382	237	100	4,410
Expected credit loss	-	-	-	-	-	-

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 2022 (2021: 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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Section F: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2022

The table below summarises the maturity profile of the Authority's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

	Payables	
	2022	2021
	\$'000	\$'000
Weighted Average Effective Interest Rate %	0%	0%
Nominal Amount	6,506	11,677
Interest Rate Exposure		
Non-interest Bearing	6,506	11,677
Maturity Dates		
< 1 year	6,506	11,677

(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

	2022	2021
	\$'000	\$'000
Capital expenditure contracted at balance date but not provided for:		
Payable within one year	-	855
Total Capital Expenditure Commitments	-	855

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

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

	2022	2021
	\$'000	\$'000
Operating expenditure contracted at balance date but not provided for:		
Property Maintenance Commitments	1,825	2,258
Total Property Maintenance Commitments	1,825	2,258

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.

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Section F: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2022

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 2022 (Nil as at 30 June 2021).

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 2020-21). In 2021-22, the Authority incurred \$0.23 million in respect of the Key Management Personnel services (\$0.22 million in 2020-21).

(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 2021-22, the Authority has not entered other transactions with Key Management Personnel, their close family members and controlled or jointly controlled entities thereof (Nil in 2020-21).

(c) Transactions and Outstanding Balances with Other Government Entities

During 2021-22, 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	2022	2021
		\$'000	\$'000
Department of Education	Receiving Rental subsidy	5,026	4,994
Department of Education	Receiving Operation funding	12,746	6,027
Department of Education	Annual DoE Contribution	600	600
Department of Planning and Environment	Receiving Capital funding	1,070	-
Department of Planning and Environment	Receiving Stimulus	-	23,600
Department of Planning and Environment	Receiving Personnel Services	1,936	1,725
		21,378	36,946

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 2022 that are material to require adjustments or disclosures in the financial report.

End of Audited Financial Statements