



Teacher
Housing

2012/13 ANNUAL REPORT





The Hon. Andrew Constance MP
Minister for Finance and Services
Minister for the Illawarra
Level 36 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

On behalf of the Teacher Housing Authority of New South Wales (THA), we take pleasure in presenting the following report on the THA's activities for the year ending 30 June 2013 for tabling in Parliament.

The report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the regulations pursuant to this Act.

It also includes financial statements as required under the *Public Finance and Audit Act 1983* as amended.

Yours sincerely,



Brett Newman
Chair



Philip Shelley
General Manager
31 October 2013

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Mission

To provide an economic, effective and efficient housing service to teachers in areas where the needs of teachers cannot be met by the private rental market.

Vision

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

Aims and objectives

The THA's aims and objectives are to provide:

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

Charter

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

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

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

Achievements in 2012–13

Achievements	
Recorded a favourable variance of \$0.794m against a budgeted deficit of \$2.739m.	13
Exceeded budgeted proceeds from asset disposals by \$1.6 million resulting in proceeds from asset disposals of \$3.2 million.	12
Improved the customer satisfaction index, which is now the fifth year of measuring this critical element of performance.	10
Completed the Eco Village in Broken Hill and agreed to industry partner the Faculty of Architecture, Design and Planning at the University of Sydney for an Australian Research Council (ARC) linkage grant to compare the biophysical performance and achieved satisfaction outcomes of the Eco Village against some of the more conventional residences in Broken Hill.	20
Completed the construction of nine residences (including the Eco Village in Broken Hill).	23
Commenced works on a further 20 residences.	23
Installed 121 VAST satellite dishes and upgraded TV antennas ensuring digital TV is received in every THA residence.	13
Upgraded security features at properties in communities that experience a high rate of crime.	13
Prepared and implemented a Hazardous Materials Management Plan that is compliant with the NSW Work Health and Safety Act 2011.	12
Conducted an asset portfolio review that identified surplus properties in areas where the private rental market adequately meets the needs of teachers.	12
Participated in a customer satisfaction survey that measured the THA's performance against providers of government employee accommodation in other Australian jurisdictions.	11
Developed and implemented a policy on the disposal of property.	12



General Manager's Report

Teacher Housing provides accommodation in rural and remote locations where the needs of teachers cannot be met by the private market. Our service is vital to the delivery of education in these areas.

Overall Teacher Housing had a successful year. Service quality, now at 78% improved slightly on the prior year. Particularly pleasing was improvements in the service provided by managing agents on behalf of Teacher Housing and the service provided to established tenants. Providing a reliable and accessible local service to teachers established in a rural and remote area is as important as the positive experience a new teacher receives upon arrival in a new community.

Two specific maintenance programs, both high in terms of teacher needs, were completed during the year. Improvements were made to security features in communities with high rates of crime and preparations were completed for the digital television broadcast, a program which will provide every Teacher Housing residence with common digital television channels across all of NSW.

It was pleasing to see the Eco Village completed and fully occupied. With environmental sustainable designs and a flexible floor plan, the Eco Village has been purpose-built for Broken Hill's extreme climate. The University of Sydney's Faculty of Architecture, Design and Planning has agreed to use the Eco Village for further studies into sustainable designs.

A review of the asset portfolio conducted during the year identified the adequacy of the private rental markets in communities where Teacher Housing provides accommodation. The challenge now is to leverage off this work and prepare an asset delivery strategy to replace ageing stock, meet new demand and provide new accommodation to those communities that are most reliant on the service that Teacher Housing provides.

Financially, Teacher Housing reported a favourable result for the 2012–13 year. A deficit of \$1.9 million against a budgeted deficit of \$2.7 million. This combined with additional proceeds from asset disposals contributed to an improved liquidity position on prior years.

I would like to acknowledge the valuable contribution of the Chairs during the year, Ken Kanofski and Anne Skewes, also the valuable efforts of Denis Armstrong, who retired in February. I extend a welcome to Brett Newman who joined Teacher Housing as Chair in August and Paul Loxley who was appointed by the Governor in February, as well as acknowledging the work and contributions of all board Members.

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

Philip Shelley

General Manager (on behalf of the Chair and Board)
Teacher Housing Authority

The Board

Chair (part-time)

Nominee of the Director-General of the Department of Finance and Services (DFS)

Anne Skewes

B. B.SC, Grad Dip App Soc Psych; MA
(from May 2013 – August 2013¹)
(ex-officio)

Deputy Director-General, Housing and Property Group, Department of Finance and Services (DFS)

Nominated by the Director-General, Anne Skewes was appointed Deputy Director-General of the Housing and Property Group in May 2013. Anne is a member of the DFS Executive team and reports to the Director-General of the Department.

The group, which has around \$32 billion in assets, \$1.5 billion revenue and 750 employees includes: NSW Land and Housing Corporation (public housing), Teacher Housing Authority and the Waste Assets Management Corporation. The group focuses on professional and economic asset management and utilisation.

Anne has extensive experience as a senior executive in government property authorities spanning three jurisdictions. Her previous roles include: Deputy Director-General, Government Services; Chief Executive Officer, State Property Authority (NSW); Chief Executive of the Land Development Agency (ACT); and General Manager, Land Management Corporation (SA).

Ken Kanofski

B. Bus, MBA, CPA, MAICD
(from October 2011 – May 2013)
(ex-officio)

Executive Director, Housing & Property Group, Department of Finance and Services (DFS).

Previously the Executive Director of the Housing and Property Group, Ken was the nominee of the Director-General.

Ken accepted an Executive position with Roads and Maritime Services in May 2013 and was no longer eligible to be the Chair of the THA.

Ken's previous roles include ten years as CEO of WSN Environmental Solutions (a State Owned Corporation) and three as the Director of Business Services at the Sydney Harbour Foreshore Authority – formerly the Darling Harbour Foreshore Authority.

Other previous board memberships include Environment Business Australia and South West Inner City Housing.

Deputy Chair (part-time)

Mark Byrne

MM, MBA

Regional Asset Director, South Eastern Region, NSW Land and Housing Corporation.

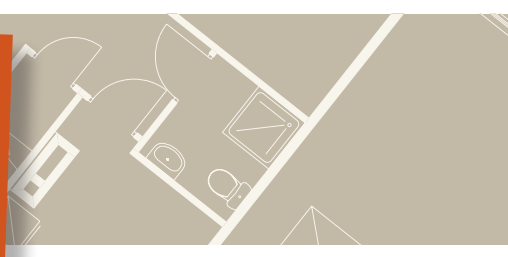
Mark was appointed Deputy Chair of the Authority in January 2007 for a five year term and reappointed for a second, two year term which expires in January 2014.

Mark's substantive role is Regional Asset Director, South Eastern Region, NSW Land and Housing Corporation where he is engaged in transformational strategies to improve public housing and community outcomes.

Mark has previously held senior positions with the former Department of Housing NSW and NSW Department of Sport and Recreation where he managed sports and recreation centres across the state. Mark has also had experience with the NSW Legal Aid Commission, Attorney General's Department and the Office of the Crown Solicitor.

Mark's background is in management, both of staff and assets, strategic planning and change management with a particular emphasis on economic analysis, client service delivery and program/project implementation.

¹ In August 2013 Anne Skewes became an employee of the Department of Family and Community Services and was no longer eligible to be the Chair of the Authority. On 20 August 2013, the Director-General, DFS nominated Mr Brett Newman, Chief Executive Officer, Government Property NSW, as the Chair (ex-officio) of the Authority.



Members (part-time)

Glenn Downie

Cert Clerk of Works & Dip Architectural Drafting
(ex-officio)

**Manager, Delivery Asset Management Directorate,
Department of Education and Communities (DEC)**

Glenn Downie was nominated by the Director-General DEC and appointed to the Board in December 2009.

Glenn joined the DEC as a Senior Technical Officer in 1990.

Glenn has held various managerial roles in the DEC, providing asset service delivery to schools and TAFE both in NSW and, for a short time, with TAFE overseas. As the Manager Delivery, Asset Management Directorate Glenn brings to the Board extensive operational experience in project delivery, stakeholder and resource management.

Paul Loxley

BA, Dip Teach
(from March 2013 – present)

**Director, Public Schools, Western Plains Region,
Department of Education and Communities (DEC)**

Paul Loxley, nominated by the Director-General, DEC, was appointed to the Authority for a two year term on 18 March 2013.

Paul is the Director of Education for the Western Plains Region, a region that includes some of the most remote communities in NSW including Bourke, Cobar, Lightning Ridge and Collarenebri.

Prior to his current role Paul was the School Education Director for Bourke School Education Directorate. He began his career teaching at Nyngan Public School and later taught at the RAAF school in Malaysia for two years. From 1994 he became a Principal and has taught in remote country towns including Brewarrina and Bourke.

Now based in Dubbo, Paul has lived in THA accommodation on several occasions in his career and provides first-hand experience to the THA.

Denis Armstrong

BA Education, Dip Ed
(from October 2009 – February 2013)

**School Education Director, Lachlan Region,
Western NSW, Department of Education and
Communities (DEC)**

Denis Armstrong was nominated by the Director-General of the DEC and appointed to the Authority for a five year term in October 2009. He retired from the Board on 11 February 2013.

Denis was the School Education Director for the Lachlan Region, a region in the state's far west which includes schools in Condobolin, Canowindra, Forbes and Parkes.

With over 20 years of teaching and education administration experience, including seven years as a Principal, Denis brought first-hand experience to the THA having lived in THA accommodation on several occasions.

Katrina Jay

B Bus (Acc), Dip Ed, CA
**Manager, Strategic Planning, Western Institute
of TAFE NSW, Department of Education and
Communities (DEC)**

Katrina was appointed to the Authority in 2002. Subsequently she was reappointed for a five year term in 2007 and then reappointed for a further two year term which expires in January 2014.

Katrina is based in Orange in the south-west of the state and is Manager, Strategic Planning at the Western Institute of TAFE NSW. She has held a number of strategic managerial positions in TAFE institutes throughout western and northern NSW over a 20 year period.

Brought up and educated in remote NSW, Katrina brings a wealth of knowledge and an understanding of the issues facing the educational community in regional NSW.

Deborah (Deb) Marten

BA, Dip Teach
Organiser NSW Teachers Federation (NSWTF)

Deborah was appointed to the Board for a two year term in January 2012.

Deborah's career began in 1990 by teaching in a casual capacity at Finley High School, surrounding primary schools and Finley TAFE Campus. In 1998 she became a permanent teacher at Finley High.

In 2008 Deborah became an Organiser for the NSWTF, based in Wagga Wagga she represents the Riverina region of NSW.

Brought up in rural NSW and having gained teaching experience in three levels of education, Deborah has a solid understanding of the unique needs of teachers and the challenges they face in rural and remote NSW.

Philip Shelley

B. Bus, Grad Dip Mgt, MBA
Executive Member (ex-officio)

Appointed to the role of General Manager in June 2008, Philip has held a variety of senior management positions within the private sector; mostly with Spotless Services Limited and InvoCare Limited.

Philip has several years management experience in the hospitality industry and has overseen the strategic delivery of service-based solutions in often complex, customer service environments.

Philip brings to the THA commercial experience in areas such as business reporting and improvement, contract management and implementation, account management and business development.

Philip reports to the Chair and Board of the THA and is responsible for managing and developing the THA as a customer-focused organisation that meets the housing needs of teachers.

Philip's position incorporates the role of the Chief Executive Officer, THA.

Board Membership

The THA has seven members. Four members are appointed by the Governor and three operate in an ex-officio capacity.

Of the four members appointed by the Governor:

- one is nominated by the Minister for Housing and is Deputy Chair;
- one is nominated by the Director-General, DEC, being an officer of that department serving in the western or north-western region of the state;
- one is nominated by the Managing Director of the TAFE Commission and is to be a senior financial manager of that Commission; and
- one is nominated by the Minister for Education and Training on the recommendation of the NSW Teachers Federation.

Of the three ex-officio members:

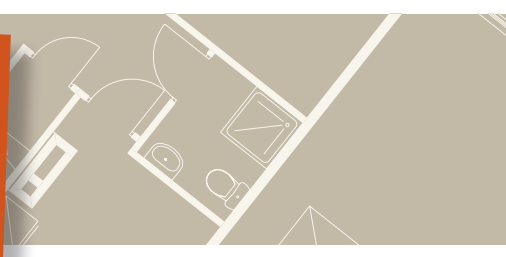
- one is the nominee of the Director-General of DFS being an officer of that department and is Chair of the THA;
- one is appointed by the Director-General, DEC; and
- one is the General Manager of the THA.

Under the *Teacher Housing Authority Act 1975*, members are responsible for determining the policies of the THA and ensuring the activities of the THA are carried out properly and efficiently. The General Manager controls and manages the THA's activities.

Board Meetings

The Board met on four occasions during the year with attendances as follows:

Nature of appointment	Name	Eligible to attend	Meetings attended
Chair(s) (ex-officio)	Anne Skewes	0	0
	Ken Kanofski (Oct 2011 – May 2013)	4	4
Deputy Chair	Mark Byrne	4	4
DEC Member (ex-officio)	Glenn Downie	4	3
DEC Member	Denis Armstrong	3	3
	Paul Loxley	1	1
TAFE NSW Member	Katrina Jay	4	4
NSWTF Member	Deb Marten	4	3
Executive Member (ex-officio)	Philip Shelley	4	4



Related Entity

The THA is a related entity of DFS. This allows the THA to access DFS' corporate support including business and administration systems, HR policies and employee development programs, matters concerning audit and risk, Ministerial and executive services and legal counsel.

The THA submits reports to DFS for inclusion in agency cluster reporting to support DFS and the Minister with reporting to the Expenditure Review Committee (ERC) and Cabinet on behalf of all agencies for which the Minister is responsible for.

Other matters concerning the THA's related entity status to DFS can be found in the following areas: stakeholders (page 19), staffing (page 19), human resources (page 19) and other activities (page 19).

Key Result Areas

Tenancy Services Management

Rents

Properties managed by the THA are tenanted and administered under the *Residential Tenancies Act 2010*. The THA charges a market rent for each leased property in accordance with policy that is approved by the Treasurer.

To determine a market rent for each property the THA engages the Australian Valuation Office (AVO) to conduct an annual rental assessment.

Rental Subsidies

Rental subsidies are offered to teachers who teach in six transfer point and eight transfer point schools. These are schools the DEC has considered it advantageous for the purpose of recruitment and retention to offer various benefits in addition to a teacher's salary so as to encourage teachers to teach in those schools.

The THA administers the rental subsidy on behalf of the DEC and the DEC pays the rental subsidy to the THA on behalf of those teachers.

The DEC does not provide a rental subsidy to NSW TAFE teachers.

Local Housing Representatives

Being new to a rural or remote community can be a daunting time for a teacher – particularly early in their career. As such, support from another teacher, experienced in the local area and with knowledge of the THA's procedures is invaluable in terms of supporting that new teacher upon arrival in their new community.

The THA oversees a network of Local Housing Representatives who, in most instances are elected by the local Teacher Association. As teachers in rural and remote communities they provide their time on a voluntarily basis and play an important role in communicating with the THA and its teacher tenants.

As well as providing a point-of-contact for newly appointed teachers their role includes: recommending tenancy allocations (particularly in relation to proposed sharing arrangements), keeping abreast of local teacher demands and liaison with the THA on policy matters and proposed capital programs.

Managing Agents

The THA use local managing agents to provide a competent, reliable, accessible and responsive local management service to tenants on behalf of the THA.

Managing Agents receive an annual property management fee for each THA property they manage and their role includes: holding keys, arranging maintenance and conducting property inspections.

As at June 2013, the THA had 78 individual managing agents. Six THA properties are administered without a managing agent; these are Bigga (1), Lord Howe Island (3), Wambangalang (1) and Pearce's Creek (1).

Vacancy/Occupancy Rate

Where a property is vacant due to a lack of teacher demand, the THA (through its managing agents) lease that property to a private tenant.

During the year the average occupancy rate was 85.7% up from 85.0% in the prior year.

Factors influencing the vacancy rate include:

- the difficulty in attracting tenants to residences that are not required by teaching staff and are situated in isolated localities;
- declining student enrolments in line with a decline in the population in some communities;
- a high tenant turnover rate (40%), (if a two week turnover period was applied the impact on the vacancy rate is 1.5%);
- a high vacancy rate during the summer holiday period;
- the number of residences that are held vacant for teachers (sometimes for lengthy periods), following advice from a school that an appointment to a school in the locality is imminent; and
- the need to leave some residences vacant pending disposal action or maintenance.

Housing Demand

As at 31 March 2013, there were 165 unsatisfied applications for accommodation:

- 10 were recent applications that were being processed at the time;
- 13 applications were suitably housed in THA accommodation in the town they had been appointed to and were requesting to relocate to another THA residence in that town;
- 112 applications were from teachers who reside in private accommodation in the town they teach and have applied to the THA to satisfy DEC's requirements for obtaining a rental subsidy (59 of these relate to teachers residing in Broken Hill where the private rental market is partly-adequate); and
- 30 longer-term applicants were not satisfied. These teachers were in private rental accommodation and requested that their application remained active as they would like to be considered for THA accommodation if it became available. Of these:

- nine were appointed to schools which attract one or two transfer points (these communities generally have an adequate private rental market);
- eight were appointed to four-point schools, these communities generally have a partly-adequate private rental market; and
- thirteen were appointed to schools that attract six and eight transfer points, these communities generally have a partly-adequate or inadequate private rental market.

Also included in these categories are those teachers who currently reside in THA accommodation in another community to where they are appointed and those who are in THA accommodation which is inadequate for their family's needs.

This data is collected at the end of September (to coincide with the end of the school year) and at the end of March (to coincide with the beginning of the school year).

Due to the individual needs of each teacher, unsatisfied applications for accommodation are difficult to classify, as such they contain a degree of subjectivity. Notwithstanding this, this is one of a number of factors used when considering the THA's Capital Program (refer page 12).

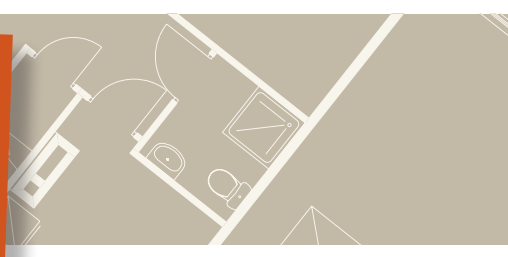
Field Trips

Tenancy Services Officers undertake up to two field trips each year to increase their knowledge of their property portfolio. Field trips play an integral role in developing and maintaining relationships with tenants, principals, managing agents, local housing representatives and other key stakeholders in their property portfolio's community.

Welcome Kit – Tenant Handbook

A welcome kit, designed to allow a tenant to keep all material relating to their THA accommodation in one place is provided to all new teacher-tenants. The kit includes a Tenant Handbook prepared with a teacher's needs in mind, a Teacher Housing pen, key-ring, forms, checklists, and a pamphlet outlining the THA's guarantee of service to teachers.

The handbook, checklists and forms can also be viewed and downloaded from the THA's website.



Customer Satisfaction (Measurement)

The THA conducts an annual customer survey to measure customer satisfaction. This is the fifth year this same survey has been conducted, providing a comparison of customer satisfaction from year to year.

Designed to measure overall service quality, the survey measures two customer segments;

- new teacher-tenants, those who have moved into a THA property in the past six months; and
- established teacher-tenants, those who have lived in a THA property for more than twelve months.

The results also reflect the service that is provided by THA and the service that is provided by managing agents.

The survey determines the drivers of customer satisfaction by comparing customer expectations against their perception of the service received across ten service dimensions: courtesy, credibility, competence, reliability, accessibility, empathy, communication, tangibles, responsiveness and security. It identifies which service-dimensions are important to the customer and in which service-dimension the service delivery is not meeting their expectation – allowing for a targeted approach to improving customer satisfaction.

The overall results of the survey are identified in the tables below (scores are out of a possible ten).

Service Provided by THA

	2013	2012	2011	2010	2009
New Tenants	7.8	7.9	8.0	7.6	7.8
Established Tenants	7.9	7.2	7.1	7.2	7.4

Service Provided by Managing Agents

	2013	2012	2011	2010	2009
New Tenants	7.0	6.8	7.2	7.1	6.7
Established Tenants	7.7	6.7	7.2	7.1	6.7

The full results of the 2013 survey, its methodology and the survey itself can be found on the THA website.

National Government Housing Tenant Survey

During the year the THA participated in a customer satisfaction survey that measured the THA's performance against providers of government employee accommodation in other Australian jurisdictions.

Western Australia's Department of Housing administered the survey on behalf of the participating agencies which included:-

- Western Australia*;
- Teacher Housing Authority NSW;
- NSW Police;
- Tasmania Department of Education;
- Victoria Department of Education and Early Childhood Development.

* Western Australia's Department of Housing provides accommodation for all government employees (excluding Health), in that state whereas the other participating agencies provide accommodation to a specific 'classification' of government employee i.e. teachers, police etc.

Conducted in June and July 2012 the survey provides an understanding of how agencies currently deliver and manage housing and to prioritise which areas they should focus on to optimise quality and satisfaction.

The survey provided a measure of overall satisfaction which indicated that 72% of respondents in THA accommodation were 'very satisfied' with their housing arrangements. Overall satisfaction indices for the other participating agencies ranged from a low of 42% to a high of 73%.

Key messages from the survey include: the service THA provides is perceived as being slightly above that of the other providers combined; and maintenance (an area critical to customer satisfaction) at THA residences is perceived as being above that of the other providers combined.

The THA would like to thank Western Australia's Department of Housing for conducting and administering the survey.

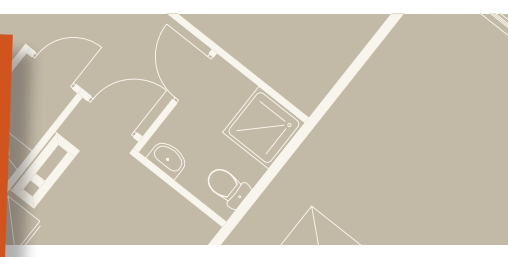
Asset Management

At 30 June 2013 the THA's portfolio had a book value (market value) of \$155.0 million and consisted of 1,462 properties in the following classifications:

Description	Number
Houses (Including 165 School Residences and three head-leased properties)	686
Furnished units	729
Work in progress	13
Parcels of vacant land	30
Studio Units (these form part of an existing residence)	4
Total	1,462

The THA has a presence in 262 different communities with the number of properties per community as per the following table.

Number of communities	No. of communities	No of properties	Percent of portfolio
With more than 50 properties	3	175	12%
Between 30 – 49 properties	5	194	13%
Between 20 – 29 properties	9	201	14%
Between 10 – 19 properties	19	294	20%
Between 5 – 9 properties	51	335	23%
Between 2 – 4 properties	51	141	10%
With a single property	122	122	8%
Total	262	1462	100%



Review of Asset Portfolio

During the year the Minister requested a review of the THA's asset portfolio. Conducted by Ernst & Young the review's terms of reference were:

- a) determine the adequacy of the private rental market in locations where the Authority owns property;
- b) determine those locations where the private rental market is adequate or partly adequate and identify assets that are surplus to requirements in those locations;
- c) determine those locations where the private rental market is inadequate or partly inadequate and identify the level of unmet demand for Authority property in those locations;
- d) review the utilisation rate and make recommendations to improve it;
- e) recommend a disposal process for those assets identified as being surplus (b, above);
- f) review the appropriateness of the standard and cost of new supply and maintenance, and
- g) review any other relevant aspect of the asset portfolio and its utilisation.

The review identified 55 properties in areas where the private rental market was deemed adequate to meet the needs of teachers. As such these 55 were added to an existing list of 30 properties previously deemed surplus to requirements.

Of these 85 properties 70% were occupied by teachers at 30 June 2013. It is planned that the remaining 30% of properties deemed surplus to requirements will be disposed of in the 2014 financial year.

The Minister approved the proceeds from the disposal of surplus assets be retained by the THA and incorporated into its Statement of Business Intent and Business Plan over the next five years.

The review determined that the adequacy, standard and cost of new asset supply is appropriate, as is, the THA's approach to arranging maintenance. It also identified a need for longer-term strategic asset planning so as to address: a) asset disposals; b) the opportunities to meet a portion of the unmet demand; and c) replacing assets that are required but in poor condition or otherwise at the end of their economic lives.

Capital Program

The Capital Program is focused on providing accommodation in the more isolated regions of NSW, where the private rental market does not adequately meet the needs of teachers. The program is funded from a combination of operating income, proceeds from the sale of assets and the annual State Government contribution.

Refer Appendix 1 on page 23 for the residences constructed or acquired during the year and Appendix 2 on page 23 for those considered work-in-progress at the end of the year.

Projects are not considered work-in-progress until expenditure has been incurred – beyond the acquisition of land.

Land Purchases

The THA did not acquire any land during the year.

Asset Disposal

During the year the Board approved a policy concerning the disposal of THA assets that addresses conflict of interest, obtaining property valuations, method(s) of disposal and sale to sitting tenants.

The proceeds from the sale of Authority properties are retained by the THA and fund the Authority's activities – including capital works.

Refer Appendix 3 on page 24 for the residences sold during the year.

Hazardous Materials

During the year the THA prepared a Hazardous Materials Management Plan that ensures the THA meets its obligations under the *NSW Work Health and Safety Act 2011*.

The residential properties that THA owns or manages are not defined as workplaces under the *NSW Work Health and Safety Act 2011*; when they are used as residences and leased to tenants in accordance with the *NSW Residential Tenancies Act 2011*. When maintenance or refurbishment work is carried out on these properties then they become the temporary workplace of the contractor.

Accordingly, the Hazardous Materials Management Plan is prepared for contractors that undertake maintenance or other refurbishment works at Authority owned or managed properties.

The plan can be viewed and downloaded from the THA website.

Heritage Assets

As at 30 June 2013, there were three DEC owned school residences managed by the THA that had been entered into the DEC's S170 Register as items of local and state heritage significance (listed on a local council's Local Environment Plan). These school residences are in Crookwell, Quambone and Nundle.

Also as at 30 June 2013, the THA owned three residences registered under S170. These properties are in Dalgety, Merriwa and Gulgong.

Maintenance

The THA classifies maintenance as either refurbishment maintenance or responsive (contingency) maintenance (including emergency maintenance).

Refurbishment maintenance is conducted in line with a maintenance plan that has been developed using condition based property assessments. Responsive maintenance is, in most instances arranged by Managing Agents with expenditure approved by the THA.

Expenditure on refurbishment programs in 2012–13 was \$1.88 million and expenditure on responsive maintenance was \$4.892 million.

Refurbishment maintenance expenditure included:–

- installing VAST satellite dishes to 121 residences and the upgrade of TV antennas in readiness for the Federal Government's digital broadcast which will see the closure of broadcast analogue TV; and
- the upgrade of property security measures in communities where there is a high rate of crime. These measures include: fitting window-screens, installing security-lighting, constructing garages and providing gates and fencing.

Project Management

The THA outsources project management to suitably qualified project and construction managers that provide design, documentation and supervision services for capital and refurbishment projects.

School Residences

The THA manages residences owned by the DEC these residences are located on school sites. There were 165 DEC owned School Residences managed by the THA as at 30 June 2013.

These properties are located on land zoned non-residential and are owned by the DEC. The DEC are unable to vest or otherwise transfer these properties to the THA and the THA manages them on behalf of the DEC.

During the year, the DEC requested the THA return the following 16 School Residences to the DEC's administration:

Binnaway	Drake	Maimuru	Red Range
Black Springs	Glen Alice	Moonbi	Woolbrook
Brocklesby	Iluka	Nevertire	Laggan
Broken Hill South (Alma)	Long Flat	Newbridge	Bredbo

Financial Management (refer pages 15–17)

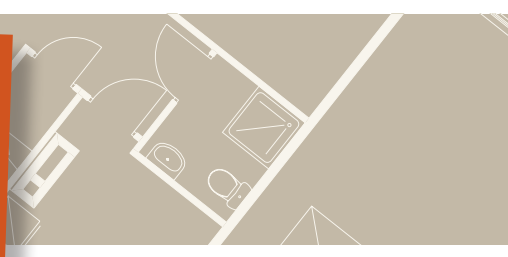
Financial Performance

Funding for the THA's operational and capital activities is provided from rental and investment income, proceeds from sale of assets and an annual contribution from the State Government.

The 2012–13 result was a deficit of \$1.945m, which was \$0.794m lower than budget. Operating revenue totalled \$17.345m and included a rental income of \$10.674m. The contribution received from the State Government totalled \$5.705m which was in accordance with the THA's budget appropriation for 2012–13.

Operating expenses totalled \$19.290m which was \$0.901m lower than budget. This resulted from a combination of a lower than budgeted property refurbishment, a higher than budgeted responsive maintenance, favourable movement in superannuation reserves under personnel services expense, a loss on disposal of assets and a positive variance in borrowing costs and other administration expenses.

Property maintenance expenses were \$0.978m under budget. Responsive maintenance was \$0.957m over budget and the most significant increases occurred in electrical, plumbing, ground yard maintenance, general maintenance and furniture, fixtures & fittings.



Property Refurbishment Program (PRP) totalled \$1.871m against a budget of \$3.215m. A number of projects were in progress and will be included in the 2013–14 PRP budget. Commitments for PRP as at June 30, totalled \$0.337m.

The THA's current assets exceeded its current liabilities as at 30 June 2013 thereby resulting in an improved current ratio and liquidity position on the prior years. This trend is expected to continue and the going concern assumption remains appropriate.

Capital Program

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

The net cash outflow from the THA Capital Program totalled \$0.252m for 2012–13. This represented a decrease of \$1.839m on the budgeted outflow of \$2.091m.

Net proceeds from the sale of twenty six properties totalled \$3.011m. Refere Appendix 3 on page 24.

Land Owned or Occupied

The value of land owned or occupied as at 30 June 2013 was:

	2012–13 \$'000	2011–12 \$'000
Vacant Land	523	629
Residences (land with improvements)	27,233	27,927
Total land owned or occupied	27,756	28,556

The THA revalues each class of property at least every five years and the latest revaluation was completed on 30 June 2012 by an independent valuer.

Account Payment Performance

Across the year, the THA paid an average 99% of its creditors (100% of small businesses) within 30 days of receipt of invoice. Timeframes may vary depending on contractual and other agreements.

Credit Card Certification

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

Key Performance Indicators

The THA reviews KPI's and benchmarks annually, so as to ensure they are aligned with the THA's strategic objectives.

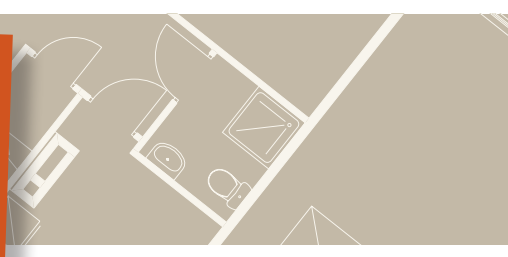
The THA's KPI's are tabled on pages 18.

Operating Results

Key Financial Statistics

Five year trend

Key Financial Results	2012–13 \$'000	2011–12 \$'000	2010–11 \$'000	2009–10 \$'000	2008–09 \$'000
Financial Performance					
Revenue	17,345	16,359	16,619	16,293	15,281
Expenses	19,290	21,202	20,658	17,428	15,668
Operating Result	(1,945)	(4,843)	(4,039)	(1,135)	(387)
Included in Operating Result:					
State Government Contribution	5,705	5,583	5,473	5,370	5,265
Grant from DEC	600	600	600	600	4,361
Borrowing Costs	236	90	0	0	0
Financial Position					
Assets	159,313	161,901	151,382	153,412	152,722
Liabilities	7,052	8,010	2,032	1,786	4,749
Net Assets	152,261	153,891	149,350	151,626	147,973
Financial Analysis					
Current Ratio	1.76 : 1	0.51 : 1	0.60 : 1	5.76 : 1	5.62 : 1
Total Debt to Total Assets	4.4%	4.9%	1.3%	1.2%	3.1%
Total Assets to Equity	104.6%	105.2%	101.4%	101.2%	103.2%
Return on Assets	-2.3%	-2.1%	-1.2%	-0.5%	-0.3%
Return on Assets (Underlying)	-5.8%	-5.6%	-4.7%	-4.0%	-3.7%



Performance against budget

	2012-13 Actual \$'000	2012-13 Budget \$'000	2012-13 Variance \$'000	2013-14 Budget \$'000
Management Operations				
Revenue				
Rental Income	10,674	10,984	(310)	10,912
Grant from DEC	600	600	0	600
Government Contribution	5,705	5,705	0	5,710
Investment and Other Income	366	163	203	149
Total Operating Revenue	17,345	17,452	(107)	17,371
Expenses				
Property Maintenance	6,772	7,750	978	7,850
Property Rates	2,069	1,873	(196)	1,993
Borrowing Costs	236	244	8	224
Property Leasing	43	54	11	48
Personnel Services Expenses	1,848	2,486	638	2,446
Other Administration Expenses	2,179	2,284	105	2,423
(Gain)/Loss on Asset Disposals	513	0	(513)	656
Depreciation	5,630	5,500	(130)	5,550
Total Operating Expenses	19,290	20,191	901	21,190
Operating Surplus/(Deficit)	(1,945)	(2,739)	794	(3,819)
Capital Program				
Receipts				
Asset Disposal Proceeds	3,011	1,500	1,511	3,820
Total Capital Receipts	3,011	1,500	1,511	3,820
Payments				
New Works	3,263	3,591	328	2,722
Other	0	0	0	0
Total Capital Payments	3,263	3,591	328	2,722
Net Cash Inflow/(Outflow)	(252)	(2,091)	1,839	1,098

Account Payment Performance

Aged Analysis at the end of each quarter

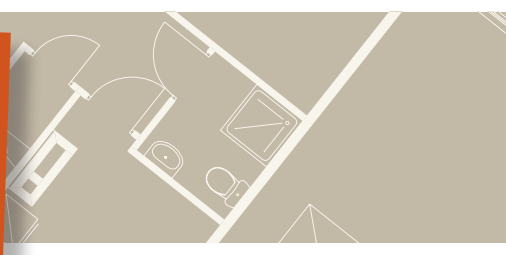
	Quarter	Current \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 60 and 90 days overdue \$'000	More than 90 days overdue \$'000
All Suppliers	Sep-12	4155	312	218	0	0
	Dec-12	2042	646	3	1	0
	Mar-13	2686	388	21	1	0
	Jun-13	2949	826	27	1	0
Small Business Suppliers	Sep-12	5	0	0	0	0
	Dec-12	7	0	0	0	0
	Mar-13	21	4	0	0	0
	Jun-13	17	24	0	0	0

Accounts due or paid with each quarter

Measure	Sep-12	Dec-12	Mar-13	Jun-13
All Suppliers				
Number of accounts due for payment	5080	3721	3627	4676
Number of accounts paid on time	4645	3277	2923	3458
Actual percentage of accounts paid on time (based on number of accounts)	91%	88%	81%	74%
Dollar amount of accounts due for payment	\$4,685,458	\$2,692,158	\$3,096,094	\$3,802,619
Dollar amount of accounts paid on time	\$4,154,770	\$2,042,340	\$2,686,064	\$2,949,493
Actual percentage of accounts paid on time (based on \$)	89%	76%	87%	78%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small Business Suppliers				
Number of accounts due for payment to small business	7	24	62	49
Number of accounts due to small business paid on time	7	24	38	43
Actual percentage of small business accounts paid on time (based on number of accounts)	100%	100%	61%	88%
Dollar amount of accounts due for payment to small business	\$5	\$7	\$25	\$41
Dollar amount of accounts due to small businesses paid on time	\$5	\$7	\$21	\$17
Actual percentage of small business accounts paid on time (based on \$)	100%	100%	84%	41%
Number of payments to small business for interest on overdue accounts	0	0	0	0
Interest paid to small business on overdue accounts	0	0	0	0

Note: The report does not include payments made to employees, payments related to payroll and super. Small business registration commenced in January 2012. All numbers are reported from 30 days from receipt of a correctly rendered invoice.

Commentary: The Authority improved its payment performance by adopting the government's initiative encouraging payments to all suppliers within 30 days from receipt of a correctly rendered invoice. Small businesses are mandated to be paid within 30 days.



Key Performance Indicators

Property and Occupancy Data

		2013	2012	2011	2010
Houses by owner	THA	518	541	543	545
	DEC	165	179	196	215
	Head Leased	3	5	4	0
Total		686	725	743	760
Furnished units		729	731	730	718
Vacant Land		30	38	38	42
Work in Progress		13	12	25	29
Total properties under management		1458	1506	1536	1549
Average occupancy throughout the year		85.7%	85.0%	87.4%	87.7%
Average occupancy throughout the year by tenant type	Teachers	72.6%	71.7%	71.3%	72.2%
	Non Teachers	13.1%	13.3%	16.0%	15.2%
	Vacant	14.3%	15.0%	12.6%	12.6%
Allocations (New tenants signed)	Teachers	462	419	420	397
	Non Teachers	125	106	95	126
	Total	587	525	515	523

Weekly Rental Amounts (From 1 July)

	2013	2012	2011	2010
Average	\$172.78	\$164.31	\$153.37	\$150.82
Highest	\$410.00	\$410.00	\$305.00	\$340.00
Lowest	\$50.00	\$50.00	\$45.00	\$40.00
Median	\$165.00	\$160.00	\$155.00	\$150.00
Change*	2.41%	5.67%	1.76%	2.88%

* After allowing for changes in property holdings, i.e. not reflective of the average rent.

Capital Delivery

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

	2013	2012	2011	2010	2009	2008
Weeks to appoint a project manager	7	6	8	31	38	19
Weeks to appoint a contractor once a project manager has been appointed	26	20	29	27	30	31
Construction period* (including delays)	56	38	30	27	19	31
Period of delivery since approval (weeks)	89	64	67	85	87	81

* The Eco Village project (refer page 20) allowed for a 40 week construction period whereas projects generally allow for a 20 week construction period.

Stakeholders

A table indicating the responsibilities the THA has to each stakeholders group and the method(s) or application(s) of how the THA addresses each stakeholder is in Appendix 7 on page 27.

Human Resources

THA staff members are employed under Chapter 1A of the *Public Sector Employment and Management Act 2002* and are considered part of the DFS for the purposes of that Act.

A table showing the THA's staffing numbers by category for the reporting year and the preceding three years is shown at Appendix 4 on page 25.

Organisational Structure

The organisational chart in Appendix 8 on page 29 outlines the THA's organisational structure, reporting lines and functional responsibilities as at 30 June 2013.

Principal Roles

Principal roles at the THA include the General Manager and the Manager Strategy and Finance.

The General Manager is Philip Shelley, refer page 7.

The Manager Strategy and Finance is Praveen Swarup FCPA; BACctg; Dip Bus. Praveen joined the THA in 2001 from the Department of Local Government. Prior to 2001 Praveen spent over twelve years in accounting and financial management roles in the commercial sector including Rothmans and Siddons.

The Manager Strategy and Finance position incorporates the roles of Chief Financial Officer and Chief Information Officer.

Industrial Relations

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

Occupational Health and Safety

As DFS employees the THA has elected to adopt DFS' OHS policies and procedures including committee representation. The General Manager nominated an employer representative and the employees nominated an employee representative.

During 2012–13 there were no reportable incidents (including near-misses), and there was no lost-time due to injury from incidents in prior years.

Sick Leave

Over the twelve month period from July 2012 to June 30 2013, sick days taken by staff totalled 285 days. The average sick leave per member of staff was 12.4 days.

Recreational and Exceptional Circumstances Leave

The THA adheres to provision 77.2.3 of the Crown Employees (Public Service Conditions of Employment) Award 2009 as adopted by DFS in regard to 30 days (six weeks) being the maximum accrual of recreation leave an employee can accrue without written permission from the General Manager.

As at 30 June 2013, two THA employees had more than 30 days of recreational leave accrued. As such these employees have created their own leave plans in consultation with management.

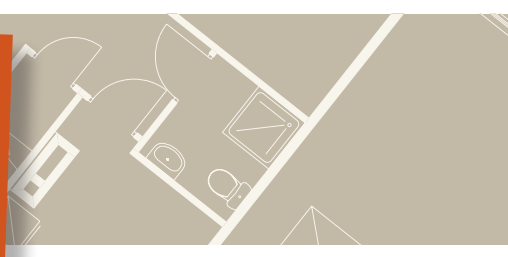
As at 30 June 2013 no THA employee had exceptional circumstance leave approved.

Employee Assistance Program

As DFS employees THA staff have access to a DFS provided Employee Assistance Program.

NSW Public Sector Workforce Profile

As part of a Service Level Agreement for corporate services, ServiceFirst DFS' provider of employee services completed and lodged the annual workforce profile in respect of THA staff.



Equal Employment Opportunity (EEO)

The THA's EEO Management Plan for 2012–13 focused on improving internal communications through whole of staff meetings and circularising relevant material to all staff.

Statistical information relating to the EEO is shown at Appendix 5 on page 25. The relative stability of the THA's workforce has provided little opportunity to improve representation and distribution of some EEO groups.

Multicultural Policies and Services Program

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

These principles are implemented through:

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

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

As a related entity of DFS, THA staff members have access to the DFS Multicultural Policies and Services Program 2010–2014 including the DFS statement on multicultural planning and progress.

Thus, for the ensuing year, the THA will continue to implement the principles by the means outlined above.

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

Other Activities

Eco Village

Privacy, comfort and options for greener, outdoor living are high on the list of what teachers want in a home and the THA's Broken Hill Eco Village, completed in July 2012, has been purpose-built with these needs in mind.

The furnished development consists of six 4-bedroom houses that can be re-configured into independent one, two or three-bedroom apartments. Improving the utilisation of the asset base, each house can be easily adapted to become two separate and secure residences to suit families, couples or single occupants.

With extended living areas that maximise indoor and outdoor recreation space, the Eco Village has been designed for Broken Hill's extreme climate and incorporates environmental sustainable design and features.

The THA, in conjunction with the Government Architects Office is industry partnering with the Faculty of Architecture, Design and Planning at the University of Sydney for a new Australian Research Council (ARC) linkage grant.

This three-year research project will compare the biophysical performance and achieved satisfaction outcomes of the Eco Village against some of the THA's more conventional residences in Broken Hill.

Addressing the social and environmental aspects of sustainable housing the research will focus on the role of the occupant's attitudes and satisfaction in social sustainability, using a quality of life metric – developed by the University.

Public Access to Government Information

The Government Information *Public Access (GIPA) Act 2009* has been implemented throughout government departments, and came into effect upon the repeal of the *Freedom of Information Act 1989*.

The Act encourages the routine and proactive release of government information, including information held by providers of goods and services contracted by government agencies in order to match community of expectations of an open and transparent government.

Under the Act the THA did not receive any requests for information during the year.

Privacy Management

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

During the year, there were no complaints received concerning the privacy of personal or health information, or the way in which it was handled.

Insurance

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

For the 2012–13 financial year the THA incurred insurance premiums totalling \$357,638 (property cover was \$314,699).

Claims for property insurance related claims totalling \$194,984.74 were made against the fund during the year. Refer Appendix 6 on page 26.

Internal Audit and Risk Management

The THA has adopted DFS's Governance Framework and appointed DFS's Chief Internal Auditor Executive as the THA's Chief Internal Auditor Executive.

This enables the THA to make use of the DFS's Governance Framework (including Enterprise Risk Management and Compliance).

To meet its obligations under Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management* Policy the THA have appointed the Land and Housing Corporation and Teacher Housing Authority Audit and Risk Committee (ARC).

Under this framework the THA reports to the ARC. Refer Attestation statement. Refer Appendix 9 on page 30.

The THA has an ongoing Internal Audit Program approved by the Board and the ARC. In accordance with the program, reviews completed in 2012–13 were:

- Fidelity Audit
- Tenancy Allocation Processes

Public Interest Disclosures (PID's)

As staff are employees of DFS, the Teacher Housing Authority has adopted and adhered to DFS' Fraud and Corruption Internal Reporting Policy.

All staff were advised of this policy by means of an introduction by the Director-General of DFS via a podcast, brochures and training of senior management and nominated disclosure officers. DFS has advised that future training is planned for remaining staff.

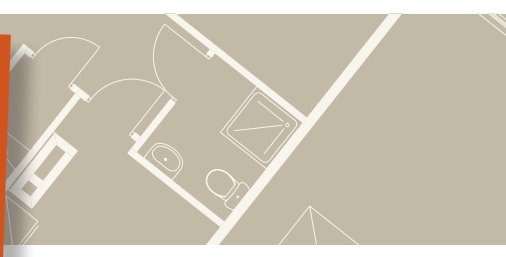
For the period July 2012 to June 2013, there were no public interest disclosures made to Teacher Housing officials.

Consultants

During the year the THA engaged four consultants to provide advice in the following areas:

- review of the THA's asset portfolio conducted by Ernst & Young (refer page 12) at a cost of \$71,280;
- conducting the annual customer survey (refer page 10);
- review of hazardous materials plan (refer page 12);
- participation in the National Housing survey (refer page 11); and

The total cost of the three remaining consultancies (all under \$30,000) for 2012–13 was \$33,703.



Information and Communications Technology

The THA's IT systems are supported through a Service Level Agreement with ServiceFirst, DFS ICT provider. This includes configuration, administration, management and maintenance related support functions for all servers within the ServiceFirst production and DR data centres and remote office data centres.

The THA's website provides teachers with access to a range of information and online services including application and other forms, tenant handbooks, policies and reports, newsletters and contact information. Prospective tenants can also view pictures of properties in locations which they may be applying for or have been appointed to.

The THA's business system (ProMan) provides a comprehensive operating platform for asset, tenancy and financial management services and maintains enterprise resource planning software which enhance reporting and analysis of information stored within the existing database.

Business Continuity Plan (BCP)

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

Business Plan/Statement of Business Intent

The THA prepares an annual Statement of Business Intent (SBI) and a Business Plan in accordance with NSW Treasury guidelines tpp 11-02 Commercial Policy Framework.

The SBI is a performance agreement between the THA, the Minister and the Treasurer and outlines the THA's strategic and performance commitments for the 2013–14 financial year. The Business Plan supports the SBI and details the objectives, strategies and performance targets of the organisation within a five to ten year planning horizon.

The THA Statement of Business Intent and the Business Plan were endorsed by the THA Board in May 2013.

Once endorsed by the Minister and Treasurer the THA's Statement of Business Intent can be accessed on the THA's website.

Overseas Travel

No Board or staff member travelled overseas on official business during 2012–13.

Review of Government Employee Accommodation

With a core competency of providing employee accommodation in rural and remote NSW, the THA continues to provide logistical and commercial advice on aspects of government employee accommodation to other Government agencies as requested with the support of DFS.

Public Sector Reforms and Legislative Changes

During the year, there were no administrative or legislative changes which impacted the THA's governance, strategic direction or financial position.

Appendices

Appendix 1

Residences Constructed or Acquired During 2012–13

Town	Project Description	Street	Total Cost (\$)
Broken Hill	Eco-village, 6 four bedroom houses which can be converted into 12 units	Sulphide St	5,443,328
Coonamble	2 single bedroom units and 1 double bedroom unit	Mundooren St	791,252
Wilcannia	Four bedroom house	Woore St	77,809
Total			\$6,312,389

Appendix 2

Work in Progress as at 30 June 2013

Town	Project Description	Street	Expenditure up to 30 June 2013 (\$)
Boomi	Relocation and refurbishment of a double bedroom unit	Werrina St	16,853
Bourke	Construction of 6 one bedroom units	Green St	22,600
Clare via Balranald	Construction of 1 single bedroom unit	School Site	225,868
Condobolin	At planning stage	Officers Pde	4,338
Condobolin	Construction of 1 double bedroom unit and two single bedroom units	McGregor St	655,897
Coonamble	Construction of 2 four bedroom houses	Namoi St	878,407
Menindee	Construction of 1 four bedroom houses	Candilla St	88,144
Wee Waa	Relocation of 1 one bedroom unit	Maitland St	23,202
Wilcannia	Construction of 2 double bedroom units	Woore St	713,962
Yetman	Construction of 1 single bedroom unit	Warialda St	258,484
Total			\$2,887,755



Appendix 3

Asset Disposal (Properties and Land sold in 2012–13)

Town	Address	Type	Contract Price (\$)
Balldale	Morrisey St	3 bedroom house	63,000
Boggabri	12 Clare St	Vacant land	55,000
Cobar	23 Elizabeth Cr	3 bedroom house	147,000
Dungog	16-18 Common Rd	Four double bedroom units	515,000
Forbes	24 Belah St	4 bedroom house	110,000
Griffith	14 Noorilla St	3 bedroom house	158,000
Griffith (Jondaryan)	24 Dunvarleigh Cr	4 bedroom house	220,000
Guyra	4 Lochaber Cr	4 bedroom house	130,000
Howlong	Hawkins St	4 bedroom house	190,000
Junee	56 Telopea Place	Two double bedroom units	160,000
	26 Cedric Street	3 bedroom house	164,000
	41 Boronia Place	3 bedroom house	189,000
Moama	29 Hillview Ave	Two double bedroom units	290,000
Nymagee	Lot 5, Hartwood St	4 bedroom house	95,000
Portland	18 Purcell St	Two double bedroom units	200,000
	7 Ridge St	3 bedroom house	115,000
Quandialla	9 Talbot St	4 bedroom house	60,000
Spencer	4682 Wisemans Ferry Rd	4 bedroom house	250,000
Walgett	122 Namoi St	Vacant land	50,000
Total			\$3,161,000

Appendix 4

THA Employees by Category as at 30 June 2013

Category	2012–13	2011–12	2010–11	2009–10
Administrative and clerical	23*	23*	24**	23

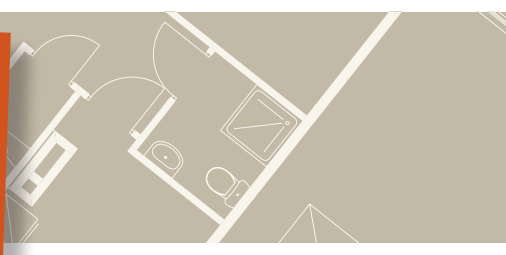
* Includes two part-time positions

** Includes a systems administrator role which ceased on 30 June 2011

Appendix 5

Equal Employment Opportunity

EEO Group	Benchmark or Govt Target	2012–13	2011–12	2010–11
Women	50%	59%	52%	52%
Aboriginal & Torres Strait Islanders	2%	–	–	–
People whose language first spoken as a child was not English	20%	30%	30%	27%
People with a Disability	12%	–	–	–
People with a Disability requiring work-related adjustment	7%	–	–	–



Appendix 6

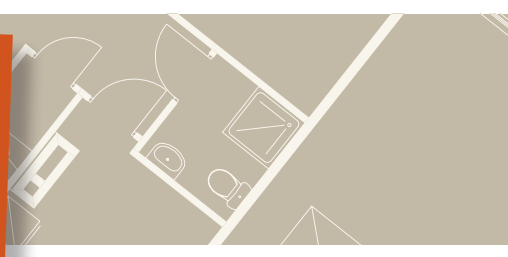
Treasury Managed Fund – Insurance Recovery

Locality	Claim	Cost
Finley	Flood damage to kitchen	\$1,762.00
Narrabri	Storm damage to evaporative cooler	\$1,094.50
Rankins Springs	Water damage to lounge room and kitchen	\$21,505.00
Gunnedah	Break-in cause damage to mailbox	\$830.50
Bingara	Hail storm damage to Units	\$594.80
Balranald	Flood damage to air conditioning	\$2,175.25
Wee Waa	Storm damage to house	\$5,792.00
Binya	Flood damage to buildings	\$4,713.00
Yenda	Flood damage to buildings	\$42,350.00
Yoogali	Flood damage to buildings	\$34,757.25
Mendooran	Flood damage to buildings	\$12,248.16
Broken Hill	Water damage to house	\$2,316.00
Euston	Storm damage to house	\$495.00
Coonamble	Storm damage to house	\$1,265.00
Ungarie	Storm damage to house	\$1,906.00
Warren	Water damage to bedrooms	\$4,190.00
Ariah Park	Water damage to house	\$6,327.90
Dunedoo	Storm damage to house	\$8,615.00
Griffith	Water damage to house	\$1,992.00
Wallabadah	Water damage to house	\$1,430.00
Hillston	Collapsed awning/verandah roof structure	\$18,875.00
Wee Waa	Storm damage to building	\$3,243.00
Narrandera	Storm damage to building	\$2,200.00
Boggabilla	Break-in caused damage to house	\$689.00
Boggabilla	Break-in caused damage to house	\$2,080.00
Boggabilla	Break-in caused damage to house	\$2,380.00
Dareton	Break-in caused damage to house	\$3,682.00
Narrabri	Water damage to house	\$4,370.60
Ungarie	Water damage to house	\$330.58
Boggabilla	Break-in caused damage to house	\$775.20
Total		\$194,984.74

Appendix 7

Responsibilities to Stakeholders

Responsibility	Stakeholder	Application
1. The provision of an economic, effective and efficient housing service where the private rental market does not meet teachers needs.	Members of the Education Teaching Service (Teachers and other employees of the DEC)	<p>Review business performance, where necessary measuring it against relevant indicators. Conduct periodic business process reviews, audits and customer surveys.</p> <p>Review alternative rental accommodation in the relevant communities.</p> <p>Ensure managing agents are accessible, responsive, and suitably empowered to act on behalf of the THA.</p> <p>Support locally appointed housing representatives to represent and liaise with tenants, agents and the THA.</p> <p>Review the THA's Total Asset Management Plan so as the desired service levels and business objectives are supported by appropriate assets; including the acquisition, maintenance and disposal of assets as addressed in the THA's Business Plan and Statement of Business Intent.</p>
2. Significant matters relating to the housing of teacher and non-teacher tenants are referred for consideration.	Minister for Finance and Services	Submission of the Business Plan and Statement of Business Intent.
3. Contentious or politically sensitive issues that may impact upon the government are advised in a timely manner. 3.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences are met.	Minister for Finance and Services	<p>Ensure the THA has a robust policy framework in place so as issues are suitably addressed as they arise.</p> <p>Be aware of the DEC's policies and objectives so that such issues are appropriately advised and/or responded to.</p>
4. Support for achieving the educational aims of the DEC, with the provision of quality housing as an incentive to attract and retain teachers to localities in rural NSW.	Department of Education and Communities	<p>Ensure the THA liaise with DEC staffing services on accommodation needs, local issues, emerging demographics and other relevant topics.</p> <p>Conduct customer surveys on the adequacy of the THA's service to Members of the Education Teaching Service.</p>
5. Liaise with the DEC on THA policy matters that may impact on the ability of the department to adequately staff schools and TAFE colleges in rural NSW.	Department of Education and Communities	In conjunction with designated housing representatives review and identify locations where of major expenditure may be necessary.
6. A response to representatives on behalf of their constituents in a timely manner.	Members of Parliament	<p>Ensure the THA has a robust policy framework in place, so as issues are suitably addressed as they arise.</p> <p>Be aware of the DEC's policies and objectives so as such issues are appropriately advised and/or responded to.</p>
7. The development and implication of a financially sound Business Plan and Statement of Business Intent.	NSW Treasury	Review the Business Plan and Statement of Business Intent in light of the THA's objectives, scope of operations, strategic direction, financial and non financial targets and impacts of risk assessments.



Responsibilities to Stakeholders (continued)

Responsibility	Stakeholder	Application
8. Adherence to all financial policies and procedures required of government.	NSW Treasury Department of Finance and Services	Preparation and presentation of annual audited financial statements. Preparation and presentation of a Business Plan and Statement of Business Intent. Liaison on various preliminary and mini budgets including forward estimates. Respond to requests for information in a timely manner. Adhere to various policies, guidelines and other matters as circulated including DFS monthly management reports. Preparation and presentation of the annual report.
9. Contentious or politically sensitive issues that may impact upon the government are advised in a timely manner.	Department of Premier and Cabinet Department of Finance and Services Department of Education and Communities	Adhere to all policies and procedures required of government agencies. Respond to requests for information in a timely manner. Review the impact of government policy on the THA's business. Preparation and submission of the THA's annual report.
9.i. Deadlines set for the provision of briefing notes, draft responses to ministerial correspondences etc are met.		
9.ii. Operate within the broad governmental framework of NSW.		
10. Provide an organisation that engenders a learning and continuous improvement culture.	Staff of the THA	Review operational and strategic HR issues in light of legislative issues and the broader government framework. Review the business plan in consideration of internal capabilities in an effort to align an employee's needs with those of the THA.
11. The THA be appropriately resourced to deliver an effective and efficient housing service to teachers.	Staff of the THA	Ensure the THA's objectives are met by appropriately trained and qualified employees.
12. Access to quality education for all NSW children.	Students and parents	The provision of quality housing service to teachers in rural and remote NSW where the private rental market does not meet their needs.
13. The rights of the members of the community who rent THA accommodation (in the absence of teacher demand).	The wider community	Compliance with various legislation in particular the NSW residential tenancy legislation.

Operational Management Chart 2012–13





Appendix 9

Treasury Attestation

Internal Audit and Risk Management Statement for the 2012-2013 Financial Year for the Teacher Housing Authority of New South Wales

I, Brett Newman, Chair of the Teacher Housing Authority (THA) am of the opinion that the THA has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

I am of the opinion that the internal audit and risk management processes for the THA depart from the following core requirements set out in Treasury Circular NSW TC 09/08 and that (a) the circumstances giving rise to these departures have been determined by the Minister for Finance & Services and (b) the THA has implemented the following practicable alternative measures that will achieve a level of assurance equivalent to the requirement:

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
<ul style="list-style-type: none"> Core Requirement 1: The Chief Audit Executive should be appointed from within the agency by the Department Head. 	<ul style="list-style-type: none"> In 2012-13 the Teacher Housing Authority shares a Chief Audit Executive with Department of Finance and Services. At the time of attestation formal approval of this arrangement was pending.
<ul style="list-style-type: none"> Core Requirement 2: An Audit & Risk Committee has been established. 	<ul style="list-style-type: none"> Full compliance with TPP09-05 would put an unreasonable administrative and cost burden on the entity. A review of the Department of Finance & Services cluster arrangements for Audit & Risk Committees was conducted to ensure that smaller related entities were relieved of the cost burdens of supporting their own Audit & Risk Committees and to provide an equivalent coverage of their obligations under TPP09-05 through the sharing of the Department's resources. Consequently, the THA is clustered with the New South Wales Land and Housing Corporation Audit & Risk Committee (LAHC ARC). The LAHC ARC is compliant to Core Requirement 2 of TPP 09-05 and has attested compliance to this Core Requirement in its Attestation Statement.

I, Brett Newman am of the opinion that the Audit and Risk Committee for the New South Wales Land and Housing Corporation is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- Ms Carol Holley, Independent Chair (period of appointment 31 October 2011 to 31 October 2014)
- Mr Alan Zammit, Independent Member (period of appointment from 30 January 2012 to 30 January 2015)
- Ms Ero Coroneos, Independent Member (period of appointment from 30 January 2012 to 30 January 2015)

Treasury Attestation (continued)

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

- NSW Land and Housing Corporation

These processes, including the practicable alternative measures implemented, provide a level of assurance that enables the senior management of the THA to understand, manage and satisfactorily control risk exposures.

As required by the policy, I have submitted an Attestation Statement outlining compliance with exceptions with the policy to the Treasury on behalf of the Treasurer.

In accordance with a resolution of the Teacher Housing Authority of New South Wales.



Brett Newman
Chair

Date: 25/8/13



Financial Statements

For the Year Ended 30 June 2013

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Statement by General Manager

Pursuant to Section 41C (1B) and 1(C) of the Public Finance and Audit Act 1983, I declare on behalf of the Teacher Housing Authority of New South Wales that in my opinion:

- (i) The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position of the Teacher Housing Authority of New South Wales as at 30 June 2013 and the transactions for the year ended; and
- (ii) The statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the Public Finance and Audit Act 1983, the applicable clauses of the Public Finance and Audit Regulation 2010, and the Treasurer's Directions.

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

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

Philip Shelley
General Manager
23 September 2013



INDEPENDENT AUDITOR'S REPORT

Teacher Housing Authority of New South Wales

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Teacher Housing Authority of New South Wales (the Authority), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Board's Responsibility for the Financial Statements

The members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Board, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

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

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

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



David Nolan
Director, Financial Services

23 September 2013
SYDNEY

[Start of Audited Financial Statements]

Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
REVENUES			
Rental Income	2	10,674	9,983
Investment Income		170	105
Other Income		196	88
Grant from DEC		600	600
State Government Contribution	3	5,705	5,583
TOTAL REVENUES		17,345	16,359
EXPENSES			
Property Maintenance	4	6,772	10,342
Property Rates	5	2,069	1,894
Property Leasing	6	43	52
Personnel Services Expense	7	1,848	3,142
Borrowing Costs		236	90
Other Administration Expenses	8	2,179	2,561
Depreciation	11(a)	5,630	2,928
TOTAL EXPENSES		18,777	21,009
Loss on Disposal of Non-Current Assets	11(b)	513	193
Deficit for the Year		1,945	4,843
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to net result</i>			
Net revaluation increment / (decrement) in property, plant and equipment	11(a)	315	9,384
OTHER COMPREHENSIVE INCOME FOR THE YEAR		315	9,384
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,630)	4,541

The accompanying notes form part of these statements

Statement of Changes in Equity

For the Year Ended 30 June 2013

	Note	Accumulated funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance as at 1 July 2012		71,487	82,404	153,891
Deficit for the year		1,945	0	1,945
Other comprehensive income:				
Net revaluation increment/(decrement) in property, plant and equipment	11(a)	0	315	315
Transfer from Asset Revaluation Reserve on disposal of property, plant and equipment		2,938	(2,938)	0
Total other comprehensive income		2,938	(2,623)	315
Total comprehensive income for the year		993	(2,623)	(1,630)
Balance as at 30 June 2013		72,480	79,781	152,261
Balance as at 1 July 2011		73,413	75,937	149,350
Deficit for the year		4,843	0	4,843
Other comprehensive income:				
Net revaluation increment/(decrement) in property, plant and equipment	11(a)	0	9,384	9,384
Transfer from Asset Revaluation Reserve on disposal of Property, plant and equipment		2,917	(2,917)	0
Total other comprehensive income		2,917	6,467	9,384
Total comprehensive income for the year		(1,926)	6,467	4,541
Balance as at 30 June 2012		71,487	82,404	153,891

The accompanying notes form part of these statements

Statement of Financial Position

As at 30 June 2013

	Note	2013 \$'000	2012 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	9	3,825	901
Receivables	10	462	427
Total Current Assets		4,287	1,328
Non-Current Assets			
Property, Plant and Equipment	11(a)	154,966	160,542
Personnel Services – Prepaid Superannuation	10(b)	60	31
Total Non-Current Assets		155,026	160,573
TOTAL ASSETS		159,313	161,901
LIABILITIES			
Current Liabilities			
Payables	12	1,439	1,581
Borrowings	13	417	397
Provisions – Personnel Services	15	586	615
Total Current Liabilities		2,442	2,593
Non-Current Liabilities			
Borrowings	13	4,186	4,603
Provisions – Personnel Services	15	424	814
Total Non-Current Liabilities		4,610	5,417
TOTAL LIABILITIES		7,052	8,010
NET ASSETS		152,261	153,891
Equity			
Accumulated Funds		72,480	71,487
Reserves		79,781	82,404
TOTAL EQUITY		152,261	153,891

The accompanying notes form part of these statements

Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
Cash Flows from Operating Activities			
Payments			
Property and Administration		(11,889)	(13,861)
Personnel Services Expense		(1,848)	(3,215)
Total Payments		(13,737)	(17,076)
Receipts			
Rental Income		10,639	9,978
Investment Income		170	105
Other Income		196	88
Total Receipts		11,005	10,171
Cash Flows from Government			
State Government Contribution	3	5,705	5,583
Department of Education and Communities Contribution		600	600
Net Cash Flows from Government		6,305	6,183
Net Cash Flows From Operating Activities	17	3,573	(722)
Cash Flows from Investing Activities			
Purchases of Non-Current Assets	11(a)	(3,263)	(7,452)
Proceeds from Disposal of Non-Current Assets	11(b)	3,011	3,280
Net Cash Flows From Investing Activities		(252)	(4,172)
Cash Flows from Financing Activities			
Proceeds from borrowings	13	0	5,000
Repayment of borrowings	13	(397)	0
Net Cash Flows from Financing Activities		(397)	5,000
Net Increase/(Decrease) in Cash		2,924	106
OPENING CASH AND CASH EQUIVALENTS		901	795
CLOSING CASH AND CASH EQUIVALENTS	9	3,825	901

The accompanying notes form part of these statements



Notes

Accompanying and forming part of the Financial Statements
for the period ended 30 June 2013

1. Summary of Significant Accounting Policies

(a) Reporting Entity

The Teacher Housing Authority of NSW, as a reporting entity, is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The Authority is consolidated as part of the NSW Total State Sector Accounts. The financial statements were authorised on 23 September 2013.

(b) Basis of Preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and Regulation 2010.

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

Judgements, key assumptions and estimations made by the Authority's management are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

At 30 June 2013, the Authority's current assets exceeded its current liabilities by \$1.845m. In July 2012, the Authority received State Government Contribution of \$3.705m which was used, in part, to pay current liabilities.

Management and Board understand the going concern assumption is appropriate as its revenue streams are fixed and variable costs, such as future property maintenance and the capital expenditure program, can be reduced or deferred, if required.

(c) Statement of Compliance

The Authority's financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income Recognition

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

The Authority receives an annual state government contribution from NSW Treasury and a capital grant from the Department of Education and Communities. These are recognised as income upon receipt.

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

(e) Personnel Services and other provisions

The Authority receives personnel services from the Department of Finance & Services (DFS). The Department is not a Special Purpose Service Entity and does not control the Authority under this arrangement.

A current and non-current liability (liability to DFS) includes provisions for all personnel services related entitlements.

(f) Borrowing Costs

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

(g) Insurance

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

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

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

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

(i) Acquisitions of Assets

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

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

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

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

(j) Capitalisation Thresholds

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

(k) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment*.

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

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market prices for the same or similar assets.

Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Authority revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2012 and was based on an independent assessment. Refer to Note 11.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related depreciation are separately restated.

For other 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.

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

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

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

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

(l) Impairment of Property, Plant and Equipment

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

(m) Depreciation of Property Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. The rates determined for the 2013 financial year are:

(i) Office Furniture and Equipment	20.0%
(ii) Office Furniture and Equipment – Computer Equipment	33.3%
(iii) Office Refurbishment	20.0%
(iv) Buildings	2.5% or over remaining useful lives

(n) Maintenance

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

(o) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the surplus / (deficit) for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(p) Investments

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

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

(q) Impairment of Financial Assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Statement of Comprehensive Income.

Any reversals of impairment losses are reversed through the Statement of Comprehensive Income, where there is objective evidence.

(r) Payables

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

(s) Remuneration of Authority Members

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

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

(t) New Australian Accounting Standards issued but not effective

At the reporting date, the following new Accounting Standards (which include Australian Accounting Interpretations) have not been early adopted:

- AASB 9 and AASB 2010-7 and AASB 2012-6 regarding financial instruments
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13, AASB 2011-8 and AASB 2012-1 regarding fair value measurement
- AASB 119, AASB 2011-10 and AASB 2011-11 regarding employee benefits
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 1053 and AASB 2010-2 regarding differential reporting
- AASB 2011-4 removing individual KMP disclosure requirements

- AASB 2011-12 regarding Interpretation 20
- AASB 2012-1 regarding fair value measurement – RDR requirements
- AASB 2012-2 regarding disclosures – offsetting financial assets and financial liabilities
- AASB 2012-3 regarding offsetting financial assets and financial liabilities
- AASB 2012-7 regarding RDR
- AASB 2012-9 regarding withdrawal of Interpretation 1039
- AASB 2012-10 regarding transition guidance and other amendments
- AASB 2012-11 regarding RDR requirements and other amendments

It is considered that the implementation of these Standards will not have any material impact on the Authority's financial results.

2. Rental Revenue

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

Rental Income comprise:	2013 \$'000	2012 \$'000
Gross Rental Income	10,674	9,983
Total Rental Income	10,674	9,983

3. State Government Contribution

Rental and investment income is sufficient to fund a portion of the Authority's operating and capital costs. However, the Authority is dependent on continued subsidisation from the State Government to fund the balance of these costs.

State Government Contribution comprise:	2013 \$'000	2012 \$'000
State Government Contribution	5,705	5,583
Total State Government Contribution	5,705	5,583

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

4. Property Maintenance

Property Maintenance Expenses comprise:	2013 \$'000	2012 \$'000
Plumbing	571	550
Electrical	257	271
General Maintenance	1,465	1,248
Ground / Yard Maintenance	1,040	918
Air Cooling Installation and Maintenance	644	453
Air Conditioners & Fans	19	12
Furnishings, Fixtures and Fittings	713	781
Property Refurbishment ⁽¹⁾	1,880	4,471
Other Maintenance	183	211
Refurbishment of School Residences ⁽²⁾	0	1,427
Total Property Maintenance Expenses	6,772	10,342

(1) Fewer refurbishment projects in 2012–13

(2) For 2012–13, not reported separately.

5. Property Rates

Property Rates comprise:	2013 \$'000	2012 \$'000
Annual Rates	1,616	1,592
Water Rates	392	249
Other	61	53
Total Property Rates	2,069	1,894

6. Property Leasing

During the year, the Authority had head leased three properties in Menindee at a cost of \$42,946. (Five properties in 2012 at a cost of \$52,508).

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

7. Personnel Services

Personnel services are acquired from the Department of Finance and Services comprise of:

Personnel Services comprise:	2013 \$'000	2012 \$'000
Salaries and Wages	1,768	1,777
Recreation Leave	142	127
Long Service Leave	59	130
Superannuation ⁽¹⁾	(292)	978
Total	1,677	3,012
Other Personnel Services Expense	171	130
Total Personnel Services Expense	1,848	3,142

(1) Due to reduction in superannuation liability from 2011–12 to 2012–13

8. Other Administration Expenses

Other Administration Expenses comprise:	2013 \$'000	2012 \$'000
Consultants	105	45
Office Lease Expense	163	163
Insurance	344	313
Property Valuations / Condition Assessment	70	442
Property Management Fees	911	860
Computer Systems Development	123	120
Travel Expenses	82	107
Admin Cost – Outsourcing	139	139
Other General Administration	242	372
Total Other Administration Expenses	2,179	2,561

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

9. Cash And Cash Equivalents

The Authority utilises the NSW Treasury Corporation (T Corp) Hour Glass Cash Facility Trust for the investment of surplus cash. Investments are classified as current assets due to the nature of the Authority's short term cash flow requirements in meeting operational and capital expenditure.

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

Cash and Cash Equivalents comprise:	2013 \$'000	2012 \$'000
Cash on Hand	1	1
Cash at Bank	245	92
Investments	3,579	808
Total Cash and Cash Equivalents at 30 June	3,825	901
Represented in the Statement of Financial Position as:		
Current Assets – Cash and Cash Equivalents	3,825	901
Total Cash and Cash Equivalents at 30 June	3,825	901

Refer to Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

10. Receivables

Receivables comprise:	2013 \$'000	2012 \$'000
Current:		
Rental Debtors	271	253
Allowance for Impairment ^[Note 10(a)]	(20)	(43)
Tenancy Liaison Service Agent Advances	206	207
Other Debtors	5	10
Total Receivables	462	427

(a) Allowance for Impairment

Allowance for Impairment – movement	2013 \$'000	2012 \$'000
Opening Allowance at 1 July	43	55
Debts Written Off ^[Note 16]	(31)	(8)
New Allowance Transferred In/(Out)	8	(4)
Closing Allowance at 30 June	20	43

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 18.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

(b) Personnel Services – Prepaid Superannuation (Asset)

Personnel Services – Prepaid Superannuation Movement	2013 \$'000	2012 \$'000
Non-Current:		
Balance at 1 July	31	58
Increase/(Decrease) in Superannuation Asset	29	(27)
Personnel Services – Prepaid Superannuation (Asset) at 30 June	60	31
Represented in the Statement of Financial Position		
Non-Current Asset – Personnel Services – Prepaid Superannuation	60	31
Personnel Services – Prepaid Superannuation (Asset) at 30 June	60	31

11. Land And Buildings, Office Furniture And Equipment & Office Refurbishment

(a) Movement – \$'000	Land and Buildings	Office Furniture & Equipment	2013 Total \$'000	2012 Total \$'000
At Fair Value				
Net Carrying Amount at Beginning of Year	160,540	2	160,542	150,107
Work-in-Progress	2,887	0	2,887	6,009
Additions	376	0	376	1,443
Disposals	(3,524)	0	(3,524)	(3,473)
Net Revaluation Increments/ (Decrements)	315	0	315	9,384
Depreciation Expenses	(5,628)	(2)	(5,630)	(2,928)
Fair Value at End of Year	154,966	0	154,966	160,542
Gross Carrying Amount 30 June 2013	160,509	23	160,532	
Accumulated Depreciation	(5,543)	(23)	(5,566)	
Fair Value	154,966	0	154,966	
Gross Carrying Amount 30 June 2012	160,540	36	160,576	
Accumulated Depreciation	0	(34)	(34)	
Fair Value	160,540	2	160,542	

A physical valuation was completed by an independent valuer resulting in revaluation of portfolio for 2012. In 2013, an assessment was done based on regional indices supplied by an independent valuer. The net percentage change was -.57%. On the basis of materiality the revaluation figures from 2011–12 were used.

Work in Progress included in the fair value was \$2.887m in 2013 and \$6.009m in 2012.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

(b) Disposals \$'000	Land and Buildings	Office Furniture & Equipment	2013 Total \$'000	2012 Total \$'000
Gross Proceeds	3,161	0	3,161	3,435
Written Down Value	(3,524)	0	(3,524)	(3,473)
Disposal Costs	(150)	0	(150)	(155)
Loss on Disposal	513	0	513	193

12. Payables

Payables comprise:	2013 \$'000	2012 \$'000
Prepayments by Tenants	37	38
Other Creditors and Accruals	1,402	1,543
Total Payables	1,439	1,581

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 18.

13. Borrowings

Borrowings comprise:	2013 \$'000	2012 \$'000
T Corp Loan (Current Liability)	417	397
T Corp Loan (Non-Current Liability)	4,186	4,603
Total Borrowings	4,603	5,000

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 18.

(a) TCorp Loan

The Authority received Treasurer's approval to obtain financial accommodation for up to \$5.0 million, under section 8(2) of the *Public Authorities (Financial Arrangements) Act 1987*. A Credit Foncier loan with a face value of \$5.0 million was obtained from NSW Treasury Corporation in February 2012 at a fixed interest rate of 4.98 % for a term up to 10 years.

During 2012–13 principal repayments of \$0.397m was made against the total borrowings.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

14. Commitments

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

(a) Operating Lease Commitments

In March 2011 the Authority relocated to Level 23, McKell Building, 2-24 Rawson Place, Sydney NSW 2000. The Authority has entered into an Occupation Agreement with DFS over a period of 5 years commencing 1 April 2011. The expenditure commitments for the minimum lease payments over the remaining terms of this lease are:

Office Lease Commitments	2013 \$'000	2012 \$'000
Payable within one year	163	163
Payable between two and five years	286	449
Payable after five years	0	0
Total Office Lease Commitments	449	612

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

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

Property Maintenance Commitments	2013 \$'000	2012 \$'000
Payable within one year	1,075	878
Total Property Maintenance Commitments	1,075	878

School Residence Refurbishment Commitments	2013 \$'000	2012 \$'000
Payable within one year	0	75
Total Property Maintenance Commitments	0	75

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

(c) Head Lease Commitments

Head lease commitments arise from leases entered into for three properties (as at 30 June 2013) in Menindee. The amount contracted for at balance date but not recognised in the accounts as a liability is:

Head Lease Commitments	2013 \$'000	2012 \$'000
Payable within one year	18	30
Payable within two and five years	0	4
Total Head Lease Commitments	18	34

(d) Capital Commitments

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

Capital Commitments	2013 \$'000	2012 \$'000
Payable within one year	793	728
Total Capital Commitments	793	728

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

15. Provisions

A current and non-current liability to the Department of Finance & Services (DFS) includes provisions for all personnel services related entitlements.

Personnel Services Liability – movement	2013 \$'000	2012 \$'000
Balance at 1 July	1,429	527
Increase/(Decrease) in liability to DFS	(419)	902
Personnel Services Liability at 30 June	1,010	1,429
Represented in the Statement of Financial Position		
Current Liability to DFS	586	615
Non-Current Liability to DFS	424	814
Personnel Services Liability at 30 June	1,010	1,429

Aggregate Personnel Services Liability – dissection	2013 \$'000	2012 \$'000
Recreation Leave (Current Liability)	139	155
Conditional Long Service Leave (Non-Current Liability)	37	11
Unconditional Long Service Leave (Current Liability)	447	460
Personnel Services – Unfunded Superannuation (Non-Current Liability)	387	803
Aggregate Personnel Services Liability at 30 June	1,010	1,429

The value of Recreation Leave and associated on-costs expected to be taken within 12 months is \$138,849 and after 12 months is Nil. The Authority has a proactive Recreation Leave management program, whereby all staff is encouraged to take their full entitlement each year.

The value of Long Service Leave and associated on-costs expected to be taken within 12 months is \$21,788 and after 12 months is \$463,362.

16. Debts Written Off

Debts Written Off Comprise:	2013 \$'000	2012 \$'000
Uncollectable rental account debts ^[Note 10(a)]	31	8
Total Debts Written Off	31	8

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

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

17. Reconciliation of Net Cash Flow from Operating Activities to Operating Deficit

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and investments readily convertible to cash. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled at Note 9.

Reconciliation of Cash Flow from Operating Activities to Operating Deficit as reported in the Statement of Comprehensive Income	2013 \$'000	2012 \$'000
Operating Deficit / (Surplus)	1,945	4,843
Non Cash Expenses / (Revenues):		
Depreciation	5,630	2,928
Loss/(Gain) on Disposal of Non-Current Assets	513	193
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Payables and other liabilities	(142)	76
Decrease/(Increase) in Receivables	(64)	22
Increase/(Decrease) in Provisions	(419)	902
Net Cash inflow / (outflow) from Operating Activities	3,573	(722)

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

18. Financial Instruments

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

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

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

(a) Financial Instrument Categories

Financial Assets			Carrying Amount	
Class:	Note	Category	2013 \$'000	2012 \$'000
Cash and cash equivalents	9	N/A	3,825	901
Receivables ⁽¹⁾	10	Loans and Receivables (at amortised cost)	462	427

Financial Assets			Carrying Amount	
Class:	Note	Category	2013 \$'000	2012 \$'000
Payables ⁽²⁾	12	Financial liabilities measured at amortised cost	836	858
Borrowings	13	Financial liabilities measured at amortised cost	4,603	5,000

Notes

(1) Excludes statutory receivables and prepayments (ie not within scope of AASB 7)

(2) Excludes statutory payables and unearned revenue (ie not within scope of AASB 7)

(b) Credit Risk

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

Credit risk arises from the financial assets of the Authority, including cash, receivables, and authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees.

Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the state.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking system. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11 am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass Cash facility is discussed in paragraph (d) below.

Receivables – trade debtors

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

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2013: \$8K; 2012: \$7K) and not more than 3 months past due (2013:\$3K; 2012:\$6K) are not considered impaired and together these represent 1.06% of the total trade debtors. The Authority debtors represent a large number of individual teachers whose particular credit rating will vary and are unknown to the Authority. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the Statement of Financial Position.

2013 (\$'000)	Total ⁽¹⁾⁽²⁾	Past due but not impaired ⁽¹⁾⁽²⁾	Considered impaired ⁽¹⁾⁽²⁾
1 month – 3 months overdue	3	3	–
3 months – 6 months overdue	20	–	20
> 6 months overdue	–	–	–
2012 (\$'000)			
1 month – 3 months overdue	6	6	–
3 months – 6 months overdue	43	–	43
> 6 months overdue	–	–	–

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

(2) The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired, therefore, the total will not reconcile to the receivables total recognised in the Statement of Financial Position.

Authority Deposits

The entity has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" whilst the interest rate payable can vary. The Authority has not placed funds on any fixed term deposits.

Cash Facility Trust: The deposits at balance date were earning an average interest rate of 3.68% (2012: 4.89%), while over the year the weighted average interest rate was 4.10% (2012: 5.24%) on a weighted average balance during the year of \$2,739,640 (2012 – \$1,375,253). None of these assets are past due or impaired.

Strategic Cash Facility Trust: The deposits at balance date were earning an average interest rate of 4.05% (2012: 4.89%), while over the year the weighted average interest rate was 3.17% (2012: 4.36%) on a weighted average balance during the year of \$1,540,440 (2012 – \$470,719). None of these assets are past due or impaired.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

(c) Liquidity Risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due.

The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior 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 periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payment to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. The Authority did not have to make any interest payment in this respect during the year.

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

	Weighted Average Effective Interest Rate	Nominal Amount ⁽¹⁾ (\$'000)	Interest Rate Exposure (\$'000)			Maturity Dates		
			Fixed Interest Rate	Variable Interest Rate	Non- interest Bearing	< 1 yr	1–5 yrs	> 5 yrs
2013								
Payables:	–	836	–	–	836	836	–	–
Borrowings:	4.98%	5,768	1,165	–	–	641	2,564	2,563
2012								
Payables:	–	858	–	–	858	858	–	–
Borrowings:	4.98%	6,409	1,409	–	–	641	2,564	3,204

Notes

- (1) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and will not reconcile to the Statement of Financial Position.
- (2) Of the \$2.564m disclosed in the 2013 'other loans and deposits' time band 1–5 yrs, the Authority intends to repay nil in the first quarter of 2013.

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

(d) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposure to market risk is primarily through price risks associated with the movement in the unit price of the TCorp Hour Glass Investment facilities. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2012. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the entity's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, from NSW TCorp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

		(\$'000)			
		-1%	+1%		
	Carrying Amount	Result	Equity	Result	Equity
2013					
Financial assets					
Cash and cash equivalents	3,825	(38)	(38)	38	38
Receivables	462	—	—	—	—
Financial liabilities					
Payables	836	—	—	—	—
Borrowings	4,603	—	—	—	—
2012					
Financial assets					
Cash and cash equivalents	901	(9)	(9)	9	9
Receivables	427	—	—	—	—
Financial liabilities					
Payables	858	—	—	—	—
Borrowings	5,000	—	—	—	—

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

Other price risk – TCorp Hour Glass facilities

Exposure to 'other price risk' primarily arises through the investment in the TCorp Hour Glass Investment facilities, which are held for strategic rather than trading purposes. The Authority has no direct equity investments.

The Authority holds units in the following Hour Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2013 (\$'000)	2012 (\$'000)
Cash facility	Cash, money market instruments	Up to 1.5 years	449	807
Strategic Cash Facility	Cash, money market instruments	1.5 – 3 years	3,130	1

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that facility. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the above facilities is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash facility and Strategic Cash facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour Glass facilities limits the Authority's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (ie 95% probability). The TCorp Hour Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on result (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour Glass statement).

		Impact on profit / loss	
		2013 \$'000	2012 \$'000
	Change in unit price		
Hour Glass Investment – Cash Facility	+/- 1%	+/- 4	+/-8
Hour Glass Investment – Strategic Cash Facility	+/- 1%	+/- 31	+/-0

Notes accompanying and forming part of the Financial Statements for the year ended 30 June 2013

(e) Fair Value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour Glass facilities, which are measured at fair value. The value of the Hour Glass Investments is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

Except where specified below, the amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short- term nature of many of the financial instruments. The following table details the financial instruments where the fair value differs from the carrying amount:

	2013 \$'000 Carrying Amount	2013 \$'000 Fair Value	2012 \$'000 Carrying Amount	2012 \$'000 Fair Value
Financial assets				
Cash and Cash Equivalents	3,825	3,825	901	901
Receivables	462	462	427	427
Financial liabilities				
Payables	836	836	858	858
Borrowings	4,603	4,603	5,000	5,000

(f) Fair value recognised in the statement of financial position

The Authority uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets/ liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset/liability not based on observable market data (unobservable inputs).

Financial assets at fair value	Level 2 \$'000
TCorp Hour-Glass Investment Facility	
(i) Cash Facility	449
(ii) Strategic Cash Facility	3,130
Total	3,579

There were no transfers between level 1 and 2 during the period ended 30 June 2013.

19. Contingent Liability

The Authority is unaware of any significant contingent liabilities as at 30 June 2013 (nil in June 2012).

20. After Balance Date Events

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

End of Audited Financial Statements

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Access to Services

Street Address

McKell Building
Level 23, 2–24 Rawson Place
Sydney NSW 2000

Postal Address

Locked Bag 7
Haymarket NSW 1240

Key Telephone Numbers

Switchboard	(02) 9260 2000
Toll Free	1300 137 343
Facsimile	(02) 9260 2060
General Manager	(02) 9260 2001
Manager Strategy & Finance	(02) 9260 2002
Financial Accountant	(02) 9260 2019
Executive Officer	(02) 9260 2020
Manager Tenancy Services	(02) 9260 2011
Asset Manager	(02) 9260 2022

Tenancy Service Areas

Northern NSW & Illawarra	(02) 9260 2013
Riverina	(02) 9260 2012
Central Western	(02) 9260 2018
North Western (Bourke/Orange)	(02) 9260 2014

Building Services (Assets)

Technical Officer (North)	(02) 9260 2024
Technical Officer (South)	(02) 9260 2005
Contracts Administration Officer	(02) 9260 2025
Maintenance Officer (responsive)	(02) 9260 2010

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