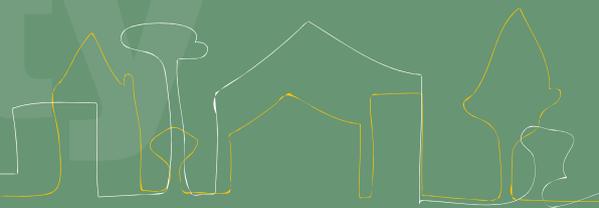


teacher  
housing  
authority  
of new  
south wales



**annual report** 2006-07

The Hon J J Della Bosca BA MLC  
Minister for Education and Training  
Minister for Industrial Relations  
Minister for the Central Coast  
Minister Assisting the Minister for Finance  
Level 30, 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 2007 for tabling in Parliament.

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

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

Yours sincerely,



Beryl Jamieson  
**Chair**

30 October 2007



Craig de Plater  
**General Manager**

## MISSION

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

## VISION

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

The THA's key result areas are:

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

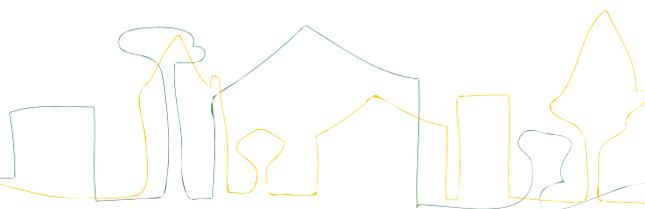
## GOALS

The THA's goals 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 and asset management; and
- an organisation that engenders a learning and continuous improvement culture, with appropriate resourcing and informed decision making.

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## CHARTER

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

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

- initiates, promotes, commissions and undertakes surveys and investigations into the housing needs of teachers;
- undertakes, promotes and encourages research into the design, construction and maintenance of housing suitable for teachers;
- plans the provision of a comprehensive and coordinated housing service for teachers throughout 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 2006-07

- Completed construction of six dwellings
- Commenced construction of 22 dwellings
- Undertook major refurbishment of 56 dwellings
- Converted 32 villa unit carports into lockable garages
- Established 648 tenancies
- Developed a Board Members' Information Kit
- Developed an Intranet site
- Reviewed and updated the Guarantee of Service
- Reviewed and updated the Tenant Handbook
- Developed policies relating to Climate Control and Records Management

## FOCUS FOR 2007-08

In 2007-08, the THA will concentrate on:

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

# CHAIR'S REPORT

The mission of the Teacher Housing Authority is “to provide an economic, effective and efficient housing service to teachers in areas where the private rental market does not meet their needs”. In working to achieve this mission, the Authority has developed sophisticated construction and acquisition procedures and adopted innovative approaches to the delivery of tenancy services and property construction and refurbishment works.

Although our current strategies and objectives are outlined in a Business Plan and Statement of Business Intent, the Authority has been challenged by the need to further improve services without expanding the existing resource base. In this regard, we are continuing to refine arrangements for the delivery of tenancy and property management services and to improve communication between teachers, managing agents and ourselves.

The Tenancy Liaison Service (TLS) is one of the more important strategies for delivering the housing service to teachers. About 98% of all dwellings are now managed by local agents who can respond quickly to urgent and minor maintenance requests, undertake tenancy inspections and provide other property management services on behalf of the Authority.

Local housing representatives also play an important role in the delivery of Authority services. These teacher representatives give their time voluntarily and are particularly helpful in determining appropriate housing allocations and providing advice on housing demand. I take this opportunity to thank these representatives for their valuable and willing assistance throughout the year.

The Authority is only able to sustain the housing service for teachers by charging a market rate of rental for its dwellings. This year the Authority established a new, three year, rental assessment and asset valuation contract with the Australian Valuation Office. This contract ensures that our rents are determined using a consistent valuation methodology and are comparable to those charged for privately owned properties of similar quality and amenity in each area serviced by the Authority.

During the year the Authority constructed six new dwellings through its Capital Program to meet the demand for additional teacher housing and to replace properties no longer suitable for use by teachers. This is a good result in view of operational problems resulting from difficulties in securing suitable building land in some areas, delays in obtaining building approvals from local councils and a general shortage of qualified building contractors in many parts of the State.



As in previous years, the Authority's Capital Program was funded entirely from operational income and the proceeds of asset disposal initiatives.

The Authority is committed to good environmental practice and during the year it revised the Climate Control Policy. In addition to an undertaking to provide appropriate heating and cooling facilities in all dwellings (as resources permit), the policy outlines the passive climate control measures (eg thermal insulation, window coverings, building orientation, energy efficient appliances, ventilation, etc) that will be incorporated into Authority building designs, fixtures and fittings.

On 31 December 2006, Carol Mills and Jeff Ainsworth completed their terms of office as members of the Authority. I would like to personally thank Carol and Jeff for their outstanding contribution to the work of the Authority over a number of years. Their understanding of teacher housing issues made them valuable members of the Board and most effective representatives of country teachers.

In January 2007, Mark Byrne, Jane Cavanagh and Owen Hasler were appointed to the Board for a five year term. These new members bring to the Authority wide experience in residential asset management, educational administration and the provision of support for teachers who work in remote localities. I welcome Mark, Jane and Owen to the Board and look forward to working with them in providing the housing service for teachers.

Finally, my thanks go to all members of the Board and staff of the Authority for their efforts, loyalty, enthusiasm and support during the year. The commitment of the Authority “team” to providing a quality housing service ensures that teachers who live and work in rural communities continue to have access to suitable and affordable accommodation.

A handwritten signature in black ink, which appears to read "Beryl Jamieson". The signature is written in a cursive, flowing style.

Beryl Jamieson  
Chair

# BOARD MEMBERSHIP

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

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

Appointed members serve for five years and are eligible for re-appointment. The term of office for the current appointed members expires on 31 December 2011.

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

Under the *Teacher Housing Authority Act 1975*:

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

In anticipation of the significant change of Board members from January 2007, a comprehensive Board Members' Information Kit was developed in late 2006.

The kit includes, amongst other things, background notes on the THA's operations, meeting arrangements, the Code of Conduct, Business Plan, the enabling legislation, staff contact details and a précis of meeting papers usually considered at each meeting.

# BOARD MEETINGS

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

<b>Chair</b>	Beryl Jamieson	5
<b>Deputy Chair</b>	Carol Mills (to December 2006)	2
	Mark Byrne (from January 2007)	3
<b>General Manager</b>	Craig de Plater	6
<b>Department of Education and Training Member</b>	Jane Cavanagh (from January 2007)	2
<b>TAFE NSW Member</b>	Katrina Jay	6
<b>Teacher Member</b>	Jeff Ainsworth (to December 2006)	2
	Owen Hasler (from January 2007)	3



Beryl Jamieson



Carol Mills



Mark Byrne



Jane Cavanagh

**CHAIR** *(part-time)*

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

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

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

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

**DEPUTY CHAIR** *to December 2006 (part-time)*

**Carol Mills** *BA (Hons) BEc MPP GCM*

**Nominee of the Minister for Housing**

Carol was Deputy Chair from January 2002 until the expiry of her appointment on 31 December 2006.

Carol took up an appointment as Deputy Director General of the Department of Ageing, Disability and Home Care (DADHC) in August 2004.

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

Carol has a background in asset management policy and strategic planning and extensive experience in the areas of social and economic policy, particularly in urban planning and housing. (see Appreciation on page 6).

**DEPUTY CHAIR** *from January 2007 (part-time)*

**Mark Byrne** *MBA (CSU) MM (UTS)*

**Nominee of the Minister for Housing**

Mark was appointed Deputy Chair in January 2007.

Appointed to the role of Area Director – Western, NSW Department of Housing in February 2005, Mark has been engaged in transformational strategies to improve public housing and community outcomes throughout the Central West, West and Far West of NSW.

Mark has previously held senior positions with the former NSW Department of Sport and Recreation and in the management of 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 in economic analysis, client service delivery and program/project implementation.

**DEPARTMENT OF EDUCATION AND TRAINING MEMBER** *from January 2007 (part-time)*

**Jane Cavanagh** *BSc Dip Ed*

**Nominee of the Director-General of Education and Training**

Jane was appointed to the Board in January 2007. Based in Bourke, Jane is the School Education Director (SED) Bourke with all the schools she supports being either six or eight transfer point schools. She has held the position of SED in Western NSW Region since April 2004. Jane commenced her teaching career in Dubbo and moved with her family to a number of different locations across the State. Jane has first hand experience of THA accommodation as she and her family have lived in THA homes in Dubbo, Tottenham and Tamworth.



Katrina Jay



Jeffery Ainsworth



Owen Hasler



Craig de Plater

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

**Katrina Jay** *BBus (Acc) Dip Ed*

**Nominee of the Managing Director of TAFE NSW**

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

**TEACHER MEMBER** *to December 2006 (part-time)*

**Jeffery Ainsworth** *Dip Teach*

*NSW Teachers Federation Representative*

**Nominee of the Minister for Education and Training**

Jeff was a member of the Board from October 2000 until the expiry of his appointment on 31 December 2006. He is an Organiser with the NSW Teachers Federation based in Newcastle. Jeff taught in country high schools for over 24 years and has been a member of the NSW Teachers Federation State Council for over 20 years (see Appreciation below).

**TEACHER MEMBER** *from January 2007 (part-time)*

**Owen Hasler** *BA Dip Teach*

*NSW Teachers Federation Representative*

**Nominee of the Minister for Education and Training**

Owen was appointed to the Board in January 2007.

He has been an Organiser with the NSW Teachers Federation (NSWTF) based in Tamworth since 2001. He commenced teaching at Corowa High School and Moulamein Central School in 1971 before moving to Gunnedah High School as English-History teacher and then as Head Teacher History from 1991-2000. Owen was an active State Councillor and Executive Member (1987) of the NSWTF during that time.

**GENERAL MANAGER** *(full-time)*

**Craig de Plater** *BA*

*(ex-officio)*

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

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

**Appreciation**

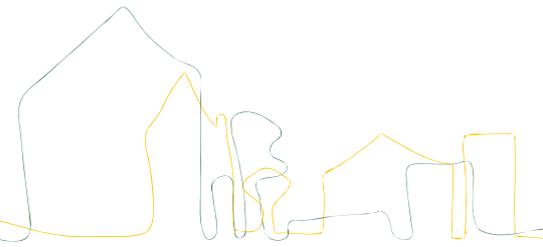
The Board and THA staff acknowledge the significant contributions made by Carol Mills and Jeff Ainsworth to the work of the Authority during their five year and six year tenures on the Board.

Their respective backgrounds and experience in asset management and teaching/administration in

country NSW, greatly assisted the development and implementation of effective strategies and policies for the THA.

The best wishes of the Board and staff go with them.

# KEY RESULT AREAS



## TENANCY MANAGEMENT

### RENTS

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

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

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

Under a contractual arrangement, the Australian Valuation Office (AVO) reviews rents on behalf of the THA each year. Following the review of rents to apply from 1 May 2007, the AVO recommended no change for 43.4% of tenants, while 3.7% received a rental reduction. The remaining 52.9% experienced a rental increase. To meet the legislative requirements regarding formal notice periods to tenants, the proposed increases will take effect on 9 July 2007.

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

### LOCAL HOUSING REPRESENTATIVES

Local housing representatives play an important liaison role between the THA and tenants. They operate in 59 localities throughout NSW. Their functions include:

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

To assist the representatives in carrying out their role in the local communities, an "Information Kit" is provided to them on their appointment to the position.

### TENANCY LIAISON SERVICE

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

The THA has 107 management agreements with local agents, encompassing 1493 dwellings (98% of the housing stock).

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

## TENANT HANDBOOK

The Tenant Handbook, which is issued to every teacher tenant at the start of their tenancy, was revised in January 2007.

The handbook outlines the responsibilities and obligations of both the THA and tenant. It addresses many issues including rental determination, repairs and refurbishment and action to be taken when vacating the dwelling.

A review of the handbook is undertaken biennially.

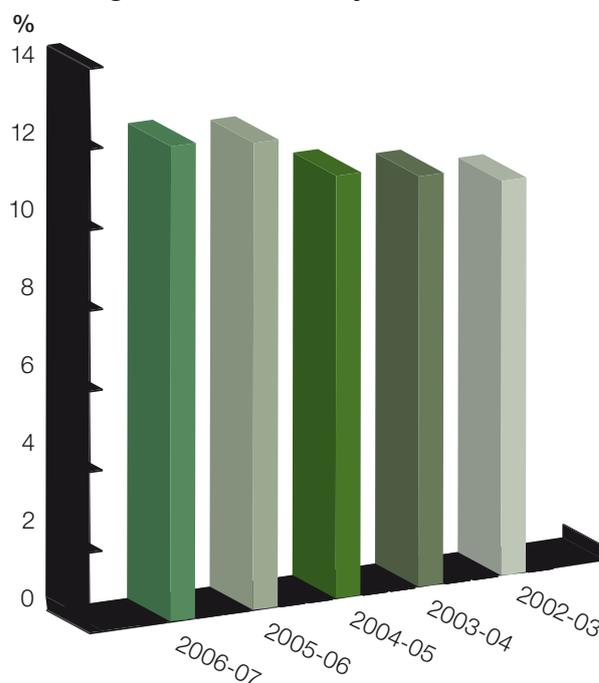
## VACANCY RATE

The annual dwelling vacancy rate averaged 12.3%. However, this figure was inflated by factors such as:

- the large number of teachers who transferred from schools and vacated their dwelling over the summer vacation (the vacancy rate in January 2007 was 17.7%);
- the difficulty in attracting good tenants to school residences that are not required by teaching staff and are situated in isolated localities;
- the need to leave some dwellings vacant pending disposal action; and
- the number of dwellings that are held vacant for teachers (sometimes for lengthy periods), following advice from the Department of Education and Training that an appointment to a school in the locality is imminent.

To offset these factors, the THA encourages managing agents to actively seek private tenants for dwellings not required by teachers. The graph below compares the average annual vacancy rate between 2006-07 and 2002-03.

**Average Annual Vacancy Rate**



“I am writing to express my absolute delight with the standard of the accommodation, it was a pleasure to come to a well appointed unit in an immaculate condition.”

“Can I say that I LOVED my Teacher Housing accommodation, the whole THA experience has been faultless.”

– Extracts from tenants' letters this year

## MARKETING THA SERVICES

As part of the strategy to raise the awareness of potential tenants to the services provided by the THA, the Manager Planning and Liaison made a number of presentations throughout the year to graduating students from the teaching faculty of various universities.

## HOUSING DEMAND

During the year the THA met most demand for housing by teachers. While at April 2007 there were 159 unsatisfied applications for housing, 54% were from teachers who reside in private accommodation in the town in which they teach. A further 6.2% were already housed in THA accommodation and wished to relocate to another THA dwelling in the town.

In addition, 30.1% indicated they are not willing to share accommodation. Consequently, in terms of the Authority's allocation policy, their chance of securing a THA dwelling is diminished.

## ASSET MANAGEMENT

### CONSTRUCTION AND ACQUISITION OF DWELLINGS

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

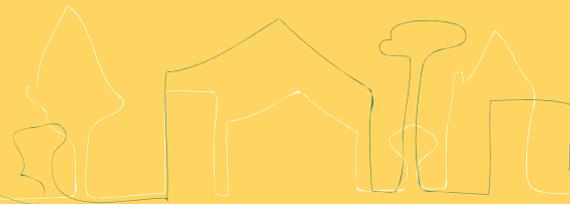
During the year, six villa units were constructed (see list at Appendix 1 on page 26). Works in progress at the end of the year included four houses and 18 villa units (see list at Appendix 2 on page 26).

At 30 June 2007 the THA's portfolio consisted of 1534 properties, comprising 815 houses (including 268 school residences), 686 villa units and 33 allotments of vacant land.

BELOW LEFT: Three bedroom house, Condobolin.  
RIGHT: Four bedroom house, Hillston.



During the year, the THA constructed or commenced construction of 28 dwellings. In addition, major refurbishment was undertaken on 56 dwellings.



### **LAND PURCHASES**

The THA purchased allotments of vacant land in Cobar and Wilcannia at a total cost of \$41,597.

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

### **HERITAGE ASSETS**

A Heritage Asset Management Strategy for the THA was endorsed by the Heritage Office in March 2007.

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

The THA also manages school residences owned by the Department of Education and Training (DET). The DET is assessing these dwellings to determine if they have heritage significance and the THA is liaising with the Department to ensure that any identified property is managed having regard for its heritage significance.

### **PROJECT MANAGEMENT**

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

Expressions of interest for inclusion on the register were called in February 2007. The registration of successful firms will be valid until March 2011, subject to satisfactory performance on each project.

### **REFURBISHMENT AND MAINTENANCE**

Programmed refurbishment remains a key strategy in providing a good standard of accommodation for teachers. Major refurbishment was undertaken on 56 dwellings at a cost of \$1.741m.

This was also the fourth year of a five year program to convert existing villa unit carports to garages in a number of localities identified as high security risk areas. Work was completed on nine dwellings in Boggabilla and 23 dwellings in Moree at a cost of \$281,369.

Local real estate agents are engaged to arrange contingent maintenance and repairs to THA dwellings. During the year, expenditure of \$3.582m was incurred on contingent maintenance items.



LEFT: Three bedroom transportable house, relocated to Carrathool during the year

## ASSET DISPOSAL

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

Disposal of surplus properties is primarily undertaken by way of public auction or tender.

The budget for asset sales this year was \$400,000 and the gross proceeds for the six properties sold amounted to \$416,500. All proceeds from asset sales are directed to the THA's Capital Program.

Details relating to the location of each property sold, together with the contract prices are shown at Appendix 3 on page 26.

## CLIMATE CONTROL POLICY

A revised Climate Control Policy was approved by the Board in August 2006.

In addition to a commitment to provide heating and cooling facilities in all THA dwellings (as resources permit), the policy also outlines the passive climate control measures that will be incorporated into Authority building designs, fixtures and fittings.

## SCHOOL RESIDENCES

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

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

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

Cootamundra

Marrar

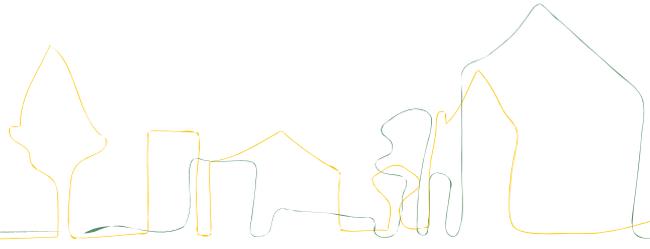
Mullengandra

Tamworth

There are a number of school residences that have been privately tenanted or vacant for some time because there is no teacher demand for those dwellings.

The DET is currently undertaking a review of these residences as part of its Regional Asset Strategy, to determine their future use.

The review is expected to be finalised by August 2007 and it is anticipated that many of the identified dwellings will be returned to the DET's administration.



# FINANCIAL MANAGEMENT

## OVERVIEW

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

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

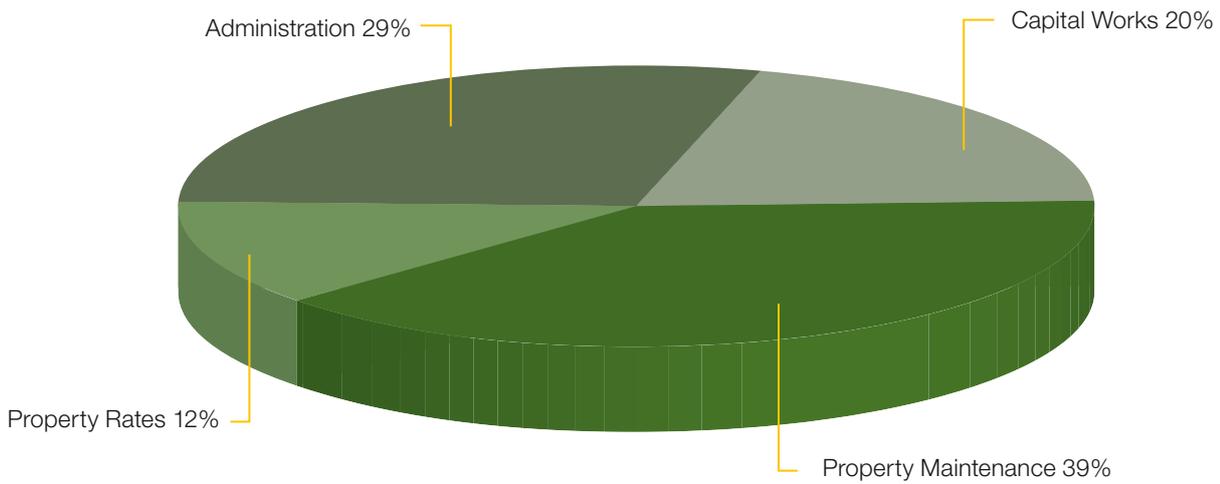
- a continued annual State Government contribution;
- financing the THA's Capital Program from asset sale proceeds and operating income, thereby alleviating the need to undertake further borrowings; and
- maintaining programs which systematically improve the quality and standard of housing, thereby minimising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

The table below provides an overview of the key financial performance results for 2006-07 with comparisons to the four previous financial years.

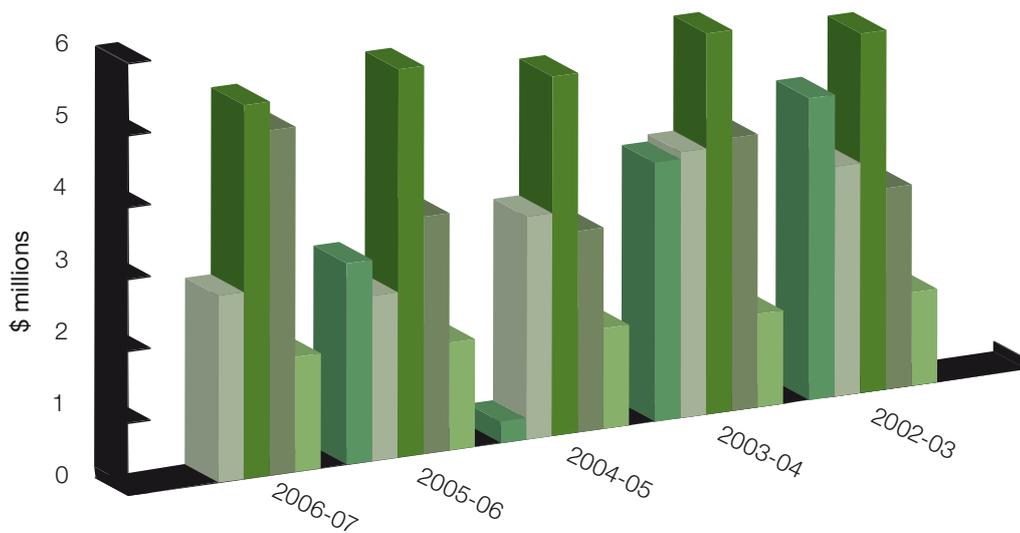
Key Financial Results	2006-07 \$'000	2005-06 \$'000	2004-05 \$'000	2003-04 \$'000	2002-03 \$'000
<b>Financial Performance</b>					
Revenue	14,673	14,397	13,650	14,444	14,585
Expenses	13,086	12,790	12,308	12,526	11,496
<b>Operating Result</b>	<b>1,587</b>	<b>1,607</b>	<b>1,342</b>	<b>1,918</b>	<b>3,089</b>
<b>Included in Operating Result:</b>					
State Government Contribution	5,056	4,876	4,700	5,700	6,300
Borrowing Costs	0	117	273	414	657
<b>Financial Position</b>					
Assets	147,045	116,330	118,924	118,083	84,772
Liabilities	1,707	1,714	4,544	3,783	7,111
<b>Net Assets</b>	<b>145,338</b>	<b>114,616</b>	<b>114,380</b>	<b>114,300</b>	<b>77,661</b>
<b>Financial Analysis</b>					
Current Ratio	3.5:1	2.4:1	1.08:1	4.6:1	1.5:1
Total Debt to Total Assets	1.2%	1.5%	3.8%	3.2%	8.4%
Total Assets to Equity	101.2%	101.5%	104.0%	103.3%	109.2%
Return on Assets	1.2%	1.4%	2.0%	2.6%	2.8%

The charts opposite illustrate 2006-07 expenditure dissection and expenditure comparison by major categories.

**2006-07 Expenditure Dissection  
(total cash outlay – \$13.0M)**



**Expenditure Comparison by Major Categories**



- Loan Principal & Interest
- Capital Works
- Property Maintenance
- Administration
- Property Rates

## REVALUATION OF LAND AND BUILDINGS

During 2006-07, the THA engaged the Australian Valuation Office (AVO) to undertake a complete revaluation, by physical inspection, of its land and buildings. The previous assessment was carried out by the AVO during the 2003-04 financial year. The latest revaluation returned by the AVO resulted in a net \$29.135m revaluation increment. An increase in property values within the real estate market is considered to be the major cause of the increase.

The written down book value of land and buildings as a result of the revaluation amounted to \$140,740.

## FINANCIAL PERFORMANCE SUMMARY

The 2006-07 performance results for Management Operations, the Authority Capital Program and the School Residence Refurbishment Program are detailed on pages 14 to 16. The 2006-07 budgets were approved by the Board in August 2006 with no major revisions during the year.

## MANAGEMENT OPERATIONS

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

The THA recorded an operating surplus of \$1.587m for 2006-07 which was \$1.845m greater than budget. After excluding non-cash items and movements in operating debtors and creditors, the surplus converted to a net operating cash inflow of \$4.172m. This inflow was \$1.874m more than projected and due largely to the expenditure shortfall in Other Administration Expenses, Personnel Services Expenses, Property Refurbishment Program and Investment Income (refer Movement in Cash Reserves on page 16).

Operating revenue totalled \$14.671m which was \$0.328m higher than budget. Rental income of \$9.133m was \$0.023m under budget and was due to higher than budgeted vacancy rates for the year.

## MANAGEMENT OPERATIONS

Performance Against Budget	2006-07 Actual \$'000	2006-07 Budget \$'000	2006-07 Variance \$'000	2007-08 Budget \$'000
<b>Revenue</b>				
Rental Income	9,133	9,156	(23)	9,418
Government Contribution	5,056	5,056	0	5,115
Investment and Other Income	482	131	351	300
<b>Total Operating Revenue</b>	<b>14,671</b>	<b>14,343</b>	<b>328</b>	<b>14,833</b>
<b>Expenses</b>				
Property Maintenance	5,323	5,950	627	7,230
Property Rates	1,514	1,438	(76)	1,531
Personnel Services Expenses	1,873	2,115	242	1,900
Other Administration Expenses	1,888	2,498	610	2,223
Loss on Asset Disposals	0	100	100	0
Depreciation	2,488	2,500	12	2,500
<b>Total Operating Expenses</b>	<b>13,086</b>	<b>14,601</b>	<b>1,515</b>	<b>15,384</b>
Gain on Asset Disposals	2	0	2	0
<b>Operating Surplus/(Deficit)</b>	<b>1,587</b>	<b>(258)</b>	<b>1,845</b>	<b>(551)</b>

Income from investments totalled \$0.482m against a budget of \$0.131m. This favourable variance was derived from higher monthly cash balances and interest rate returns than initially forecast. The contribution received from the State Government totalled \$5.056m which was in accordance with the THA's budget appropriation for 2006-07.

Operating expenses totalled \$13.086m which was \$1.515m lower than budget. This resulted from a combination of a positive variance in Property Refurbishment Program, Other Administration Expenses and a favourable movement in the superannuation provision under the Personnel Services Expenses.

Property Maintenance expenses were \$0.627m under budget. Contingent Maintenance was \$0.552m over budget and the most significant increases occurred in furnishings, ground and plumbing and general maintenance. In aggregate, these items were \$0.491m over budget while expenditure on cleaning and security were less than budget.

Property Refurbishment Program (PRP) totalled \$1.741m against budget of \$2.920m. While this is a good result against budget, a number of projects were deferred and will be included in the 2007-08 PRP budget.

## THA 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 motor vehicles and office furniture and equipment.

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

The net cash outflow (funding requirement) from the THA Capital Program totalled \$2.271m for 2006-07. This represented a decrease of \$2.119m on the budgeted outflow of \$4.390m.

Net proceeds from the sale of six properties totalled \$0.386m.

Expenditure on new constructions totalled \$2.635m, falling short of budget by \$2.055m. This shortfall resulted from delays in the progress of the 2006-07 program and as a consequence, an estimated \$2.000m will be carried forward into 2007-08.

## THA CAPITAL PROGRAM

Performance Against Budget	2006-07 Actual \$'000	2006-07 Budget \$'000	2006-07 Variance \$'000	2007-08 Budget \$'000
<b>Receipts</b>				
Asset Disposal Proceeds	386	400	(14)	300
<b>Total Capital Receipts</b>	<b>386</b>	<b>400</b>	<b>(14)</b>	<b>300</b>
<b>Payments</b>				
New Works	2,635	4,690	2,055	5,830
Other	22	100	78	170
<b>Total Capital Payments</b>	<b>2,657</b>	<b>4,790</b>	<b>2,133</b>	<b>6,000</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(2,271)</b>	<b>(4,390)</b>	<b>2,119</b>	<b>(5,700)</b>

## LAND OWNED OR OCCUPIED

The value of land owned or occupied as at 30 June 2007 was:

	2006-07 \$'000	2005-06 \$'000
Vacant Land	275	570
Residences	28,577	19,062
<b>Total land owned or occupied</b>	<b>28,852</b>	<b>19,632</b>

The THA revalues each class of property at least every three years and the last revaluation was completed on 30 June 2007 by an independent valuer.

## SCHOOL RESIDENCE REFURBISHMENT PROGRAM

This program provides for the refurbishment of dwellings owned by the Department of Education and Training (DET) but managed by the Authority. It is funded from an annual capital grant provided by DET. Any balance of funds at the end of each financial year is treated by the Authority as either an amount owed to, or owed by DET [refer note 9(a) of the Financial Statements].

A capital grant of \$0.600m was received from DET during 2006-07. Budgeted expenditure of \$0.829m included this amount, in addition to \$0.229m in unspent funds brought forward from 2005-06.

## SCHOOL RESIDENCE REFURBISHMENT PROGRAM

Performance Against Budget	2006-07 Actual \$'000	2006-07 Budget \$'000	2006-07 Variance \$'000	2007-08 Budget \$'000
<b>Income</b>				
DET Capital Grant	600	600	0	600
<b>Total Income</b>	<b>600</b>	<b>600</b>	<b>0</b>	<b>600</b>
<b>Expenditure</b>				
School Residence Refurbishment	791	829	38	638
<b>Total Expenditure</b>	<b>791</b>	<b>829</b>	<b>38</b>	<b>638</b>
<b>Net Cash Inflow/(Outflow)</b>	<b>(191)</b>	<b>(229)</b>	<b>38</b>	<b>(38)</b>

## MOVEMENT IN CASH RESERVES

Performance Against Budget	2006-07 Actual \$'000	2006-07 Budget \$'000	2006-07 Variance \$'000	2007-08 Budget \$'000
<b>Opening Cash Balance</b>	<b>3,905</b>	<b>3,905</b>	<b>0</b>	<b>5,615</b>
<b>Cash Inflow/(Outflow) From:</b>				
Management Operations	4,172	2,298	1,874	1,909
Authority Capital Program	(2,271)	(4,390)	2,119	(5,700)
School Residence Refurbishment Program	(191)	(229)	38	(38)
<b>Net Cash Inflow/(Outflow)</b>	<b>1,710</b>	<b>(2,321)</b>	<b>4,031</b>	<b>(3,829)</b>
<b>Closing Cash Balance</b>	<b>5,615</b>	<b>1,584</b>	<b>4,031</b>	<b>1,786</b>

## MOVEMENT IN CASH RESERVES

A net cash inflow of \$1.710m resulted in a closing cash balance of \$5.615m as at 30 June 2007 which was \$4.031m greater than budget. This increase resulted predominantly from the shortfall in expenditure in the Authority's 2006-07 Capital Program and Management Operations and will be fully absorbed in 2007-08. These are highlighted in the table on page 16.

## INVESTMENT PERFORMANCE

The Authority's investments comprise of funds held for short term operational requirements. To enable immediate access to these funds, the NSW Treasury Corporation HourGlass Cash Facility is used. Investments in the Cash Facility totalled \$5.574m at 30 June 2007 compared with \$3.812m at 30 June 2006.

A net return of 6.41% was achieved during 2006-07 which was an increase of 0.74% from the previous year.

## ACCOUNT PAYMENT PERFORMANCE

The tables below highlight the Authority's account payment performance for 2006-07. The percentage of invoices paid on time for the year totalled 99.80% (98.90% in 2005-06) which was a favourable result against the Authority's benchmark of 97%. A sustained performance in excess of this benchmark is again expected in 2007-08.

## 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.

## ACCOUNT PAYMENT PERFORMANCE

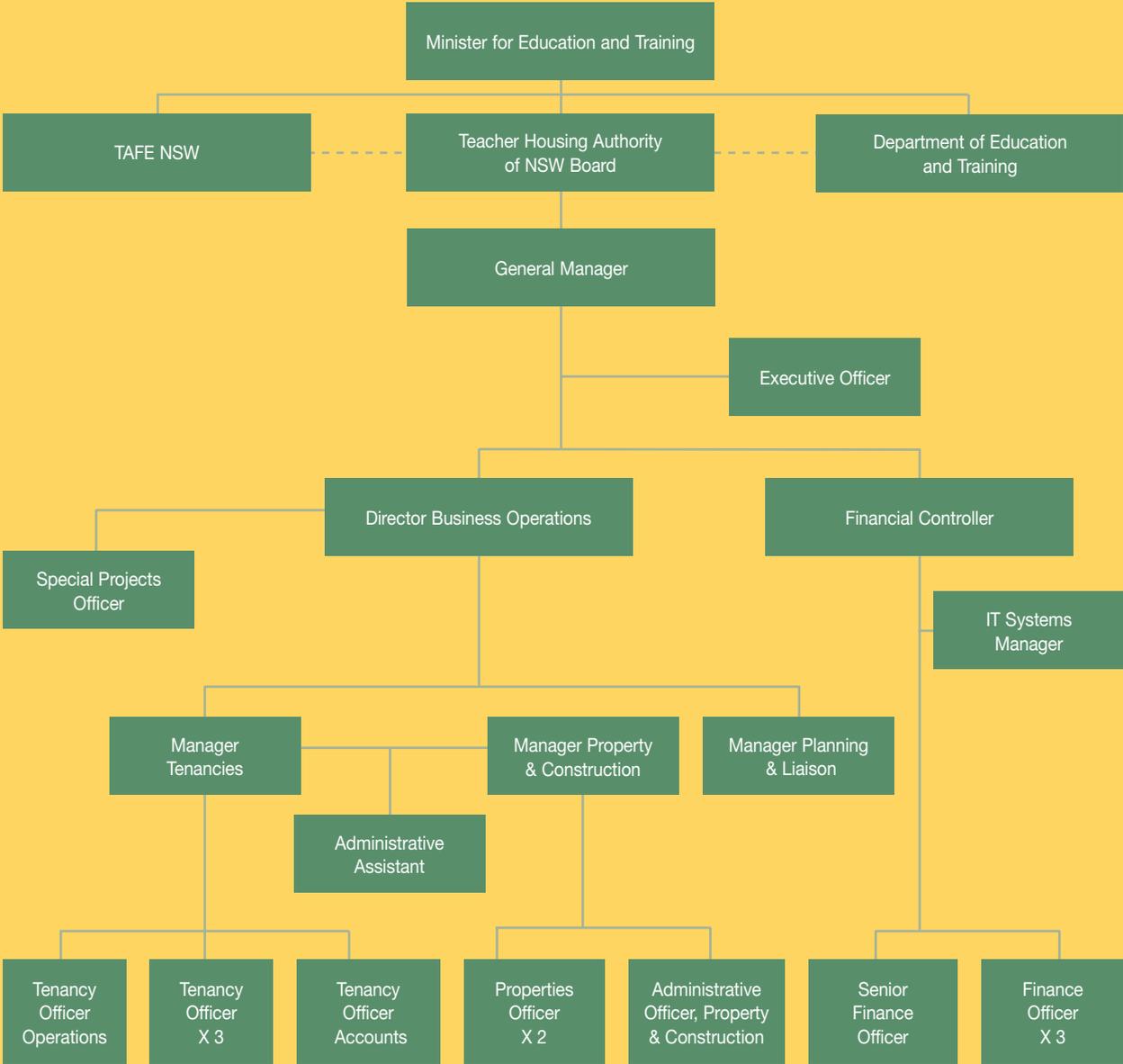
Value of Invoices Paid	1st Quarter \$'000	2nd Quarter \$'000	3rd Quarter \$'000	4th Quarter \$'000	Total \$'000
Paid Before Due	3,240	2,238	2,642	5,310	13,430
<30 days Overdue	111	42	132	154	439
>30<60 days Overdue	0	0	0	0	0
>60<90 days Overdue	0	0	0	0	0
>90 days Overdue	0	0	0	0	0
<b>Total Value of Invoices Paid</b>	<b>3,351</b>	<b>2,280</b>	<b>2,774</b>	<b>5,464</b>	<b>13,869</b>

Number of Invoices Paid	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Number Paid	3,868	3,102	3,729	3,801	14,500
Number Paid on Time	3,862	3,095	3,722	3,792	14,471
<b>Percentage Paid on Time</b>	<b>99.84%</b>	<b>99.77%</b>	<b>99.81%</b>	<b>99.76%</b>	<b>99.80%</b>

# OPERATIONAL MANAGEMENT

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





## STAFFING

The General Manager and staff of the THA are employed under Chapter 1A of the *Public Sector Employment and Management Act 2002* and are considered part of the Department of Education and Training for the purposes of that Act.

There are no Senior Executive Service positions in the THA. 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 27.

## MANAGEMENT TEAM

**Craig de Plater BA**  
General Manager

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

**Ken Parker**  
Director Business Operations

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

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

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

**Praveen Swarup FCPA**  
Financial Controller

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

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

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



LEFT TO RIGHT: Neal Marks, Manager Planning and Liaison; Mark Faulkner, IT Systems Manager; Praveen Swarup, Financial Controller; Craig de Plater, General Manager; Neryl Wilson, Manager Property and Construction; Darren Cave, Manager Tenancies; Ken Parker, Director Business Operations.

**Neal Marks****Manager Planning and Liaison**

Prior to joining the THA in June 2003, Neal operated his own property consultancy business. Before that, he spent many years working in Telstra in property related areas. He transferred to his current position in April 2007.

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

**Darren Cave****Manager Tenancies**

Darren was appointed as Manager Tenancies in June 2007. Prior to that, he worked for the Department of Fair Trading (Real Estate Investigations). Darren is responsible for overseeing tenancy management functions in the THA, including the allocation of housing, collection of rent and debtor control.

**Neryl Wilson Dip Teach****Manager Property and Construction**

Neryl came to the THA in April 2001 and was appointed to the position of Manager Planning and Liaison in February 2003. She transferred to her current position in April 2007.

Neryl has worked as a teacher in NSW schools and with the British Consul – General in Sydney. She also held a managerial position with the Moss Vale Rural Lands Protection Board.

Neryl is responsible for provided quality housing services to tenants through the efficient and effective delivery of construction and refurbishment programs and overseeing the THA's Asset Disposal Program.

**Mark Faulkner****IT Systems Manager**

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

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

**EXECUTIVE AND ADMINISTRATIVE SUPPORT****Jasmin Baljak****A/Executive Officer**

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

**Steve Jaques****Special Projects Officer**

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



LEFT: Steve Jaques, Special Projects Officer; Jasmin Baljak, A/Executive Officer.

RIGHT: Tenancy Branch (LEFT TO RIGHT): Dee Wilson, Tenancy Officer Accounts; Rana Khoreiche, Tenancy Officer, Operations; Sharnah Harriman, Tenancy Officer, Central; Gemma Harris, Tenancy Officer, North; Beth Tamm, Tenancy Officer, South (absent).

FAR RIGHT: P&C Branch (LEFT TO RIGHT) Robert Pyne, Acting Administrative Officer, Property and Construction; John McGaughey, Properties Officer, North; Kevin Bray, Properties Officer, South; Tiffany Johnson, Administrative Assistant (absent).

## TENANCY BRANCH

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

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

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

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

## PROPERTY AND CONSTRUCTION BRANCH

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

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

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



## FINANCE BRANCH

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

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

## HUMAN RESOURCES

### INDUSTRIAL RELATIONS

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

### EMPLOYEE SALARIES AND ALLOWANCES

In accordance with the Crown Employees (Public Sector – Salaries 2004) Award, a salary increase of 4% effective from the first pay period after 1 July 2006 was paid to THA staff.

### STAFF DEVELOPMENT AND TRAINING

All staff are actively encouraged to undertake training to enhance their professional development and facilitate the acquisition of new work skills. Expenditure of \$6,256 was incurred on training and development during the year.

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

### SPOKESWOMEN'S PROGRAM

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

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



LEFT: Finance Branch (LEFT TO RIGHT): Michelle Forward, Finance Officer; Khuong Duong, Senior Finance Officer; Biki Varela, Finance Officer.



## **OCCUPATIONAL HEALTH AND SAFETY**

During 2006-07 no injuries or other problems relating to occupational health and safety were reported.

The THA arranged and paid for HealthQuest to conduct an eyesight testing program in June 2007 for staff that use screen based equipment for a substantial part of their working day. No work related remedial action was required for any of the tested staff.

In addition, all THA staff were offered influenza vaccination prior to the 2007 winter season, with the cost being met by the Authority.

## **SICK LEAVE**

The total sick leave taken by THA staff over the 12 month period from April 2006 to March 2007 was 185 days. Excluding the absences of two officers due to serious illness or injury, the average sick leave per staff member was 4.5 days.

## **EMPLOYEE ASSISTANCE PROGRAM**

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

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

## **NSW PUBLIC SECTOR WORKFORCE PROFILE**

As part of a Service Level Agreement for corporate services, the Office of the Board of Studies (OBOS) completed the 2006 workforce profile in respect of THA staff.

## **POSITION DESCRIPTIONS**

The Position Descriptions for all jobs in the THA were reviewed early in 2007 to ensure they accurately reflect the current role and responsibilities for each position.

## **JOB EVALUATION**

As six positions in the THA were last evaluated in 1997, the Authority engaged Mercer Human Resource Consulting to undertake job evaluations of those positions to ascertain whether the gradings reflected contemporary work value profiles. THE CED job evaluation methodology accredited by Premier's Department was used. Following the evaluations, the position of General Manager was reclassified to Senior Officer Grade 2.

The General Manager accepted placement in the re-classified position in accordance with criteria outlined in Premier's Department Circular 97-35.

## CLIENT RELATIONSHIPS

### BENCHMARKING

In August 2006, the THA reviewed and amended the benchmarks developed in 2005 to better focus on measuring the Authority's performance in delivering its key programs.

The achievement of benchmarks is reported to the Board biannually. At June 2007, 8 (62%) of the benchmarks measured in the previous six months had been achieved, partially achieved or were not applicable in the reporting period. Five benchmarks (38%) were not achieved due mainly to staffing difficulties and the involvement of third parties in THA business. Only two of the benchmarks not achieved represented an issue requiring significant attention and these have been addressed.

### FREEDOM OF INFORMATION

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

No FOI requests were received during the year.

### PRIVACY MANAGEMENT

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

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

### GUARANTEE OF SERVICE

The THA's Guarantee of Service (GOS) developed in 2003 was reviewed and updated this year.

The GOS is distributed to all teacher tenants (together with other documentation) at the commencement of their tenancy.

## OTHER ACTIVITIES

### THA ACT

Due to the March 2007 General Election and ministerial and THA Board changes, proposals to amend the *Teacher Housing Authority Act 1975* were deferred until 2007-08.

### INTERNAL AUDIT

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

- Property Management Arrangements
- Tenancy Allocation Process; and
- Records Management.

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

### RISK MANAGEMENT

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

In 2006-07 the premium was \$163,592 (\$113,993 for property cover), which represented a 10% reduction on the amount paid in the previous year.

Property claims totalling \$83,828 were made against the fund this year. Details are shown at Appendix 5 on page 27.

### CONSULTANTS

The THA engaged four consultants to assist with the following projects: review of building designs; job evaluations; development of a Heritage Asset Management Strategy and office lease negotiations.

The total cost of consultancies was \$24,851.

## **BUSINESS PLAN/STATEMENT OF BUSINESS INTENT**

A revised Statement of Business Intent (SBI) and Business Plan (BP) were referred to the Minister and Treasurer for endorsement and acceptance on behalf of the Government in June 2007.

## **INFORMATION AND COMMUNICATIONS TECHNOLOGY**

### **ICT SUPPORT**

The THA utilises the services of the Office of the Board of Studies (OBOS) to host and update the THA's website and provide advice on ICT strategic planning and other government and central agency requirements.

### **INTRANET**

In conjunction with OBOS, the THA has developed an Intranet. The site contains, amongst other things, the THA Staff Handbook, internal policies, human resource forms and contract listings for various firms and individuals the Authority deals with.

### **ELECTRONIC SELF SERVICE (ESS)**

The THA, again in conjunction with OBOS, has introduced ESS for Authority staff. This facility allows staff to obtain their leave balances and apply for leave electronically and print payslips from the system. It is anticipated that additional human resource functions will be available through ESS in the future.

### **INFORMATION SECURITY**

In accordance with Government requirements, the THA gained certification to the ISO/IEC 27001:2005 Standard for information security management in October 2006.

The biannual assessment undertaken in March 2007 indicated the controls used by the THA continue to comply with the standard.

### **E TENDERING**

Although THA tender information is currently placed on the Authority's website and advertised in regional newspapers, at the end of the reporting period the THA was not fully compliant with the requirements of Premier's Memorandum 2007-01 concerning the placement of tender and contract information on the Government tendering website.

Action to ensure full compliance with the Premier's Memorandum is proceeding.

## **OVERSEAS TRAVEL**

No Board or staff member travelled overseas on official business during 2006-07.

## **RED TAPE REVIEW**

During 2006 the THA made a submission to the Internal Government Red Tape Review, which was examining the "red tape" NSW Government agencies created which affected other agencies.

The THA expressed the view that other agencies should acknowledge the cost and administrative burden placed on 'micro' organisations in the planning and review processes.

In December 2006, Budget Committee of Cabinet endorsed the Stage 1 recommendations of the review which will lead to significantly less compliance and administrative work for small agencies.

The THA welcomes the decisions and awaits with interest the outcome of Stage 2 of the review.

## **RECORDS MANAGEMENT**

For many years the THA has had a Records Procedure Manual and associated TRIM (electronic records system) Reference Guide for use by Authority staff. The THA has not, however, had an overarching policy document to complement the manual and guide.

To meet this need and to comply with the *State Records Act 1998*, the THA developed a Records Management Policy this year. It incorporates the standards outlined in the Act, in the context of the relatively small number of records maintained by the THA.

The procedure manual and reference guide are annexures to the policy, which is available to all staff via the THA Staff Handbook.

# APPENDICES

## APPENDIX 1

DWELLINGS CONSTRUCTED OR ACQUIRED DURING 2006-07

Town	Project Description	Total Cost \$
Boggabilla	2 x 1 & 1 x 2 bedroom villa units	632,717
Buronga	2 x 1 & 1 x 2 bedroom villa units	503,636
<b>Total</b>		<b>1,136,353</b>

## APPENDIX 2

WORKS IN PROGRESS AS AT 30 JUNE 2007

Town	Project Description	Expenditure to 30 June 2007 \$	Estimated Completion
Carrathool	1 x 3 bedroom house	157,605	July 2007
Cobar	4 x 1 bedroom villa units	52,132	Oct 2007
Condobolin	2 x 1 & 1 x 2 bedroom villa units	543,299	July 2007
Hay	1 x 4 bedroom house	216,245	July 2007
Hay	1 x 4 bedroom house	216,245	July 2007
Lightning Ridge	1 x 1 & 1 x 2 bedroom villa units	196,104	Sept 2007
Menindee	2 x 1 & 1 x 2 bedroom villa units	3,000	Jan 2008
Nyngan	1 x 4 bedroom house	36,269	July 2007
Nyngan	2 x 2 bedroom villa units	45,994	July 2007
Wilcannia	4 x 1 bedroom villa units	26,032	Jan 2008
<b>Total</b>		<b>1,492,925</b>	

## APPENDIX 3

DWELLINGS SOLD IN 2006-07

Locality	Address	Contract Price \$
Berrigan	Lot 3 Alexander Street	35,000
Broken Hill	223 Wills Street	97,000
Collie	Lot 3 Wonbobbie Street	69,000
Moree	366 Chester Street	80,000
Wee Waa	92 Boundary Street	68,500
Woodglen	Delegate – Corrowong Road	67,000
<b>Total</b>		<b>416,500</b>

## APPENDIX 4

### THA EMPLOYEES BY CATEGORY

Category	2006-07	2005-06	2004-05	2003-04
Administrative and Clerical	22	22	21	21

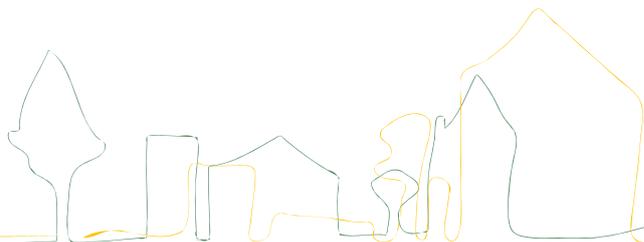
## APPENDIX 5

### TREASURY MANAGED FUND – PROPERTY INSURANCE CLAIMS

Locality	Claim	Cost \$
Broken Hill	Repairs (water damage)	1,553
Carinda	Repairs (water damage)	1,994
Collarenebri	Repairs (water damage)	1,548
Coolah	Repairs (break-in)	1,070
Deniliquin	Repairs (storm damage)	1,374
Gulgambone	Repairs (break-in)	1,316
Lightning Ridge	Repairs (break-in)	1,100
Mudgee	Repairs (storm damage)	32,024
Narrandera	Repairs (break-in)	1,132
Tumut	Repairs (storm damage)	1,212
Yeoval	Repairs (water damage)	22,637
Various	Repairs (33 claims under \$1,000)	16,868
<b>Total</b>		<b>83,828</b>

# FINANCIAL STATEMENTS

For the Year Ended 30 June 2007



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## STATEMENT BY MEMBERS

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

- (i) The accompanying financial statements exhibit a true and fair view of the financial position of the Teacher Housing Authority of New South Wales as at 30 June 2007 and the transactions for the year ended; and
- (ii) The statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Equivalents to International Financial Reporting Standards (AIFRS)), the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2000*, and the Treasurer's Directions.

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

Handwritten signature of Beryl Jamieson in black ink.

Beryl Jamieson  
**Chair**

12 October 2007

Handwritten signature of Craig de Plater in black ink.

Craig de Plater  
**General Manager**



GPO BOX 12  
Sydney NSW 2001

## 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 report of the Teacher Housing Authority of New South Wales (the Authority), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

#### ***Auditor's Opinion***

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

#### ***Board's Responsibility for the Financial Report***

The *members of the Board* are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 report.

I believe that 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 they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

### ***Independence***

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

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



M P Abood, CPA  
Director, Financial Audit Services

16 October 2007  
SYDNEY

## INCOME STATEMENT

For the Year Ended 30 June 2007

	Notes	2006-07 \$'000	2005-06 \$'000
<b>Revenues</b>			
Rental Income	2	9,133	8,914
Investment Income		482	305
State Government Contribution	3	5,056	4,876
Personnel Services Revenue – Superannuation		0	301
<b>TOTAL REVENUES</b>		<b>14,671</b>	<b>14,396</b>
<b>Expenses</b>			
Borrowing Costs		0	117
Property Maintenance		5,323	5,436
Property Rates		1,514	1,434
Personnel Services Expenses	4	1,873	1,677
Other Administration Expenses	5	1,888	1,623
Depreciation	8(a)	2,488	2,503
<b>TOTAL EXPENSES</b>		<b>13,086</b>	<b>12,790</b>
Gain on Disposal of Non Current Assets	8(b)	2	1
<b>Surplus for the Year</b>		<b>1,587</b>	<b>1,607</b>

*The accompanying notes form part of these statements*

## STATEMENT OF RECOGNISED INCOME AND EXPENSES

For the Year Ended 30 June 2007

	Note	2006-07 \$'000	2005-06 \$'000
Net increase / (decrease) in property, plant and equipment asset revaluation reserve	16	29,135	(1,309)
<b>Total Income and Expense recognised directly in Equity</b>		<b>29,135</b>	<b>(1,309)</b>
Surplus/ (Deficit) for the Year		1,587	1,607
<b>Total Income and Expense recognised for the Year</b>		<b>30,722</b>	<b>298</b>

*The accompanying notes form part of these statements*

## BALANCE SHEET

As at 30 June 2007

	Notes	2006-07 \$'000	2005-06 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	5,615	3,905
Receivables	7	393	264
<b>Total Current Assets</b>		<b>6,008</b>	<b>4,169</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment	8(a)	140,814	111,894
Receivables	7	223	267
<b>Total Non Current Assets</b>		<b>141,037</b>	<b>112,161</b>
<b>TOTAL ASSETS</b>		<b>147,045</b>	<b>116,330</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	9	792	846
Provisions	12	811	734
Other	9(b)	104	134
<b>Total Current Liabilities</b>		<b>1,707</b>	<b>1,714</b>
<b>TOTAL LIABILITIES</b>		<b>1,707</b>	<b>1,714</b>
<b>NET ASSETS</b>		<b>145,338</b>	<b>114,616</b>
<b>Equity</b>			
Retained Earnings	15	73,050	71,341
Asset Revaluation Reserve	16	72,288	43,275
<b>TOTAL EQUITY</b>		<b>145,338</b>	<b>114,616</b>

*The accompanying notes form part of these statements*



## CASH FLOW STATEMENT

For the Year Ended 30 June 2007

	Notes	2006-07 \$'000	2005-06 \$'000
<b>Cash Flows from Operating Activities</b>			
<b>Payments</b>			
Borrowing Costs		0	(191)
Property and Administration		(10,369)	(10,192)
<b>Total Payments</b>		<b>(10,369)</b>	<b>(10,383)</b>
<b>Receipts</b>			
Rental Income		9,003	8,946
Investment Income		482	305
<b>Total Receipts</b>		<b>9,485</b>	<b>9,251</b>
<b>Cash Flows from Government</b>			
State Government Contribution		5,056	4,876
Department of Education and Training Capital Contribution		600	600
Department of Education and Training Capital Payments		(791)	(579)
<b>Net Cash Flows from Government</b>		<b>4,865</b>	<b>4,897</b>
<b>Net Cash Provided by Operating Activities</b>	14	<b>3,981</b>	<b>3,765</b>
<b>Cash Flows from Investing Activities</b>			
Purchases of Non Current Assets		(2,657)	(2,248)
Proceeds from Disposal of Non Current Assets		386	525
<b>Net Cash Used in Investing Activities</b>		<b>(2,271)</b>	<b>(1,723)</b>
<b>Cash Flows from Financing Activities</b>			
Loan Repayments		0	(2,666)
<b>Net Cash Used in Financing Activities</b>		<b>0</b>	<b>(2,666)</b>
<b>Net Increase/(Decrease) in Cash</b>		<b>1,710</b>	<b>(624)</b>
<b>Opening Cash Balance</b>		3,905	4,529
<b>CLOSING CASH BALANCE</b>	6	<b>5,615</b>	<b>3,905</b>

The accompanying notes form part of these statements

# NOTES ACCOMPANYING AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2007

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (A) REPORTING ENTITY

The Teacher Housing Authority of NSW, as a reporting entity, is a not for profit entity (as profit is not its principal objective) and it has no cash generating units. The Authority is consolidated as part of the NSW Total State Sector Accounts. The financial statements were authorised by the Board on 12 October 2007.

### (B) BASIS OF PREPARATION

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

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

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

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

### (C) STATEMENT OF COMPLIANCE

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

### (D) INCOME RECOGNITION

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

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

### (E) PERSONNEL SERVICES AND OTHER PROVISIONS

The Authority receives personnel services from the Department of Education and Training. The Department is not a Special Purpose Service Entity and does not control the Authority under this arrangement.

A current liability (liability to the Department) includes provisions for all employee 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 general government sector agencies.

### (G) INSURANCE

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

### (H) ACCOUNTING FOR THE GOODS AND SERVICES TAX (GST)

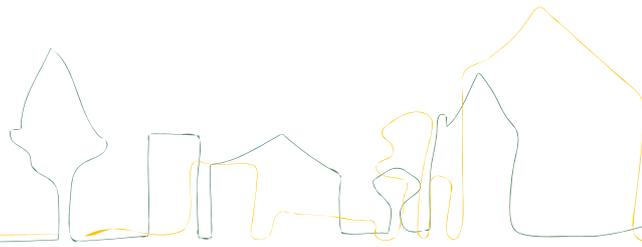
The Authority is classified as a full input-taxed entity as all core-business revenues are generated from input-taxed supplies. Accordingly, all expenses, assets and payables relating to these supplies are recognised inclusive of GST.

### (I) ACQUISITIONS OF ASSETS

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

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

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



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

#### **(J) CAPITALISATION THRESHOLDS**

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

#### **(K) REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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

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

The Authority revalues each class of property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2007 and was based on an independent assessment.

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

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

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

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

#### **(L) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT**

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

#### **(M) DEPRECIATION OF PROPERTY PLANT AND EQUIPMENT**

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. The rates determined for the 2006-07 financial year are:

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

#### **(N) MAINTENANCE**

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



### **(O) LOANS AND RECEIVABLES**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off as incurred.

### **(P) INVESTMENTS**

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

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

### **(Q) PAYABLES**

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

### **(R) BORROWINGS**

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

### **(S) REMUNERATION OF AUTHORITY MEMBERS**

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

## (T) NEW AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE.

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

- AASB 7 – *Financial Instruments: Disclosures*
- AASB 8 – *Operating Segments*
- AASB 101 – *Presentation of Financial Statements*
- AASB 123 – *Borrowing Costs*
- AASB 1049 – *Financial Reporting of General Government Sectors by Governments*
- AASB 2005-10 – *Amendments to Australian Accounting Standards* [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, AASB 1038]
- AASB 2007-1 – *Amendments to Australian Accounting Standards* [AASB 2]
- AASB 2007-2 – *Amendments to Australian Accounting Standards* [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131, AASB 139]
- AASB 2007-3 – *Amendments to Australian Accounting Standards* [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023, AASB 1038]
- AASB 2007-4 – *Amendments to Australian Accounting Standards* [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023, 1038]
- AASB 2007-5 – *Amendments to Australian Accounting Standards* [AASB 102]
- AASB 2007-6 – *Amendments to Australian Accounting Standards* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116, AASB 138]

It is not anticipated that there will be any material impact for the Authority during the period of initial application of these Standards.

## (U) FINANCIAL INSTRUMENTS

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

## 2. RENTAL REVENUE

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

Rental Income comprise:	2006-07 \$'000	2005-06 \$'000
Gross Rental Income	9,152	8,933
Net Transfer From/(To) Allowance for Impairment – [Note 7(a)]	(19)	(19)
<b>Total Rental Income</b>	<b>9,133</b>	<b>8,914</b>

## 3. STATE GOVERNMENT CONTRIBUTION

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

State Government Contribution comprise:	2006-07 \$'000	2005-06 \$'000
State Government Contribution	5,056	4,876
<b>Total State Government Contribution</b>	<b>5,056</b>	<b>4,876</b>

## 4. PERSONNEL SERVICES

Personnel services are acquired from the Department of Education and Training and comprise:

Personnel Services comprise:	2006-07 \$'000	2005-06 \$'000
Salaries and Wages	1,376	1,252
Recreation Leave	128	103
Long Service Leave	84	106
Superannuation	47	0
Total Employee Benefit Expenses	1,635	1,461
Other Employee Related Expenses	238	216
<b>Total Employee Related Expenses</b>	<b>1,873</b>	<b>1,677</b>

## 5. OTHER ADMINISTRATION EXPENSES

Other Administration Expenses comprise:	2006-07 \$'000	2005-06 \$'000
Audit Fees – Audit of the Financial Report	44	42
Consultants	25	125
Office Lease Expense	211	151
Insurance	143	167
Property Valuations	375	73
Property Management Fees	634	614
Other General Administration	456	451
<b>Total Other Administration Expenses</b>	<b>1,888</b>	<b>1,623</b>

## 6. CASH AND CASH EQUIVALENTS

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

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

Cash and Cash Equivalents comprise:	2006-07 \$'000	2005-06 \$'000
Cash on Hand	1	1
Cash at Bank	41	92
Investments	5,573	3,812
<b>Total Cash and Cash Equivalents at 30 June</b>	<b>5,615</b>	<b>3,905</b>
Represented in the Balance Sheet as:		
Current Assets – Cash and Cash Equivalents	5,615	3,905
<b>Total Cash and Cash Equivalents at 30 June</b>	<b>5,615</b>	<b>3,905</b>

## 7. RECEIVABLES

Receivables comprise:	2006-07 \$'000	2005-06 \$'000
<b>Current:</b>		
Rental Debtors	308	192
Less Allowance for Impairment (a)	(46)	(62)
Tenancy Liaison Service Agent Advances	118	113
Other Debtors	13	21
	<b>393</b>	<b>264</b>
<b>Non Current:</b>		
Prepaid Superannuation	223	267
<b>Total Receivables</b>	<b>616</b>	<b>531</b>

### (a) ALLOWANCE FOR IMPAIRMENT

Allowance for Impairment – movement	2006-07 \$'000	2005-06 \$'000
Opening Allowance at 1 July	62	46
Less Debts Written Off – [Note 13]	(35)	(3)
New Allowance Transferred In/(Out)	19	19
<b>Closing Allowance at 30 June</b>	<b>46</b>	<b>62</b>

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

(a) Movement – \$'000	Land and Buildings	Office Furniture & Equipment	Office Refurbishment	Motor Vehicles	2006-07 Total \$'000	2005-06 Total \$'000
<b>At FairValue</b>						
Carrying Amount at Beginning of Year	111,771	58	37	29	111,895	114,033
Additions	2,636	21	0	0	2,657	2,196
Disposals	(386)	0	0	0	(386)	(523)
Net Revaluation Increments/ (Decrements)	29,135	0	0	0	29,135	(1,309)
Depreciation Expenses	(2,416)	(26)	(37)	(8)	(2,487)	(2,503)
<b>Carrying Amount at End of Year</b>	<b>140,740</b>	<b>53</b>	<b>0</b>	<b>21</b>	<b>140,814</b>	<b>111,894</b>
Cost or Fair value as at 30 June 2007	140,740	328	184	32		
Accumulated Depreciation	0	(275)	(184)	(11)		
<b>Net Carrying Amount</b>	<b>140,740</b>	<b>53</b>	<b>0</b>	<b>21</b>		
Cost or Fair value as at 30 June 2006	116,542	350	184	32		
Accumulated Depreciation	(4,771)	(292)	(147)	(3)		
<b>Net Carrying Amount</b>	<b>111,771</b>	<b>58</b>	<b>37</b>	<b>29</b>		

Land and buildings were last revalued by the Australian Valuation Office during 2006-07. [Refer Note 1 (k)]. The revaluation resulted in a net increment to the carrying amount of the Authority's land and buildings of \$29,134,994. This increment has been directly credited to the Asset Revaluation Reserve [Refer Note 16].

(b) Disposals \$'000	Land and Buildings	Motor Vehicles	2006-07 Total \$'000	2005-06 Total \$'000
Gross Proceeds	417	0	417	550
Written Down Value	(387)	0	(387)	(524)
Disposal Costs	(28)	0	(28)	(25)
<b>Gain/(Loss) on Disposal</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>

## 9. PAYABLES

Payables comprise:	2006-07 \$'000	2005-06 \$'000
Prepayments by Rental Debtors	10	13
Other Creditors and Accruals	744	604
Department of Education and Training (a)	38	229
<b>Total Payables</b>	<b>792</b>	<b>846</b>

### (a) DEPARTMENT OF EDUCATION AND TRAINING

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

Department of Education and Training School Residence Refurbishment Account – movement	2006-07 \$'000	2005-06 \$'000
Opening Creditor/(Debtor) at 1 July	229	208
Plus Capital Grant Received	600	600
Less Capital Refurbishment Expenditure	(791)	(579)
<b>Closing Creditor/(Debtor) at 30 June</b>	<b>38</b>	<b>229</b>

### (b) OTHER PAYABLES – RENT INCENTIVE LIABILITY

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

Other Payables Rent Incentive Liability	2006-07 \$'000	2005-06 \$'000
Rent Incentive Liability	104	134
<b>Total Other Payables</b>	<b>104</b>	<b>134</b>

## 10. BORROWINGS

Loans are represented in the Balance Sheet at current capital value. This represents the sum of the face value and net premium/discounts outstanding. Amortisation of premium and discount on loans is reflected in the Income Statement. All loans outstanding were repaid to the NSW Treasury Corporation in 2005-06.

Borrowings Outstanding – Current Capital Value	2006-07 \$'000	2005-06 \$'000
Borrowings Loans Outstanding at 1 July – Face Value	0	2,651
Less Repayments/Prepayments	0	(2,651)
Borrowings Outstanding at 30 June – Face Value	0	0
Net Premium/Discount Outstanding at 1 July	0	15
Less Amount Amortised	0	(15)
Net Premium/Discount Outstanding at 30 June	0	0
<b>Borrowings Outstanding at 30 June – Current Capital Value</b>	<b>0</b>	<b>0</b>
Represented in the Balance Sheet under:		
Current Liabilities – Loans	0	0
<b>Borrowings Outstanding at 30 June – Current Capital Value</b>	<b>0</b>	<b>0</b>

## 11. COMMITMENTS

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

### (a) OPERATING LEASE COMMITMENTS

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

Office Lease Commitments	2006-07 \$'000	2005-06 \$'000
Payable within one year	212	158
Payable between two and five years	530	554
Payable after five years	0	0
<b>Total Office Lease Commitments</b>	<b>742</b>	<b>712</b>

### (b) OTHER OPERATING COMMITMENTS – PROPERTY MAINTENANCE

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

Property Maintenance Commitments	2006-07 \$'000	2005-06 \$'000
Payable within one year	850	643
<b>Total Property Maintenance Commitments</b>	<b>850</b>	<b>643</b>

### (c) CAPITAL COMMITMENTS

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

Capital Commitments	2006-07 \$'000	2005-06 \$'000
Payable within one year	2,013	243
<b>Total Capital Commitments</b>	<b>2,013</b>	<b>243</b>

## 12. PROVISIONS

A current liability to the Department of Education and Training includes provisions for all employee related entitlements.

Personnel Services Liability – movement	2006-07 \$'000	2005-06 \$'000
Balance at 1 July	734	847
Increase/(Decrease) in liability to DET	77	(113)
<b>Personnel Services Liability at 30 June</b>	<b>811</b>	<b>734</b>
Represented in the Balance Sheet		
Current Liability to DET	811	734
<b>Personnel Services Liability at 30 June</b>	<b>811</b>	<b>734</b>
Aggregate Personnel Services Liability – dissection	2006-07 \$'000	2005-06 \$'000
Recreation Leave	160	143
Long Service Leave	651	591
Unfunded Superannuation	0	0
<b>Aggregate Personnel Services Liability at 30 June</b>	<b>811</b>	<b>734</b>

### 13. DEBTS WRITTEN OFF

Debts Written Off Comprise:	2006-07 \$'000	2005-06 \$'000
Uncollectable rental account debts [Note 7(a)]	35	3
<b>Total Debts Written Off</b>	<b>35</b>	<b>3</b>

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

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

For the purposes of the Cash Flow Statement, cash includes cash on hand, cash at bank and investments readily convertible to cash. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled at Note 6.

Reconciliation of Cash Flow from Operating Activities to Operating Surplus as reported in the Income Statement	2006-07 \$'000	2005-06 \$'000
<b>Operating Surplus</b>	<b>1,587</b>	<b>1,607</b>
<b>Non Cash Expenses/(Revenues):</b>		
Depreciation	2,488	2,503
Amortised Premium/Discount on Loans	0	0
Loss/(Gain) on Disposal of Non Current Assets	(2)	(1)
<b>Changes in Operating Assets and Liabilities:</b>		
Increase/(Decrease) in Payables	(40)	(65)
Decrease/(Increase) in Receivables	(129)	(146)
Increase/(Decrease) in Provisions	77	(133)
<b>Net Cash Flow from Operating Activities</b>	<b>3,981</b>	<b>3,765</b>

## 15. RETAINED EARNINGS

Retained Earnings – movement	2006-07 \$'000	2005-06 \$'000
Balance at 1 July	71,341	69,434
Changes in Equity – Other than transactions with owners as owners	0	0
Operating Surplus for the Year	1,587	1,607
Transfer from Asset Revaluation Reserve [Note 16]	122	300
<b>Balance at 30 June</b>	<b>73,050</b>	<b>71,341</b>

## 16. ASSET REVALUATION RESERVE

Asset Revaluation Reserve – movement	2006-07 \$'000	2005-06 \$'000
Balance at 1 July	43,275	44,885
Changes in Equity – other than transactions with owners as owners		
Net Increment (Decrement) on Revaluation [Note 8(a)]	29,135	(1,310)
Changes in Equity – transactions with owners as owners		
Transfer to Retained Earnings – Disposed Properties [Note 15]	(122)	(300)
<b>Balance at 30 June</b>	<b>72,288</b>	<b>43,275</b>

## 17. CONTINGENT LIABILITY

The Authority is unaware of any significant contingent liabilities as at 30 June 2007.

[End of Audited Financial Statements]

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## ACCESS TO SERVICES

### STREET ADDRESS

Level 14, 31 Market Street  
Sydney NSW 2000

### POSTAL ADDRESS

PO Box Q339  
QVB POST SHOP NSW 1230

### KEY TELEPHONE NUMBERS

Switchboard	(02) 9260 2000
General Manager	(02) 9260 2001
Director Business Operations	(02) 9260 2002
Financial Controller	(02) 9260 2006
Manager Property and Construction	(02) 9260 2003
Manager Tenancies	(02) 9260 2011
Tenancy Officer Operations	(02) 9260 2010
Manager Planning and Liaison	(02) 9260 2025
Toll Free	1300 137 343
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**BUSINESS HOURS** Monday to Friday 8.30 am-4.30 pm

### TENANCY OFFICERS

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

