

TEACHER HOUSING
AUTHORITY
OF NEW SOUTH WALES



annual report

2007 | 2008



The Hon V H Firth MP
Minister for Education and Training and
Minister for Women
Level 31, 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 2008 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



Philip Shelley
General Manager

31 October 2008

contents

Achievements in 2007–08	3
Challenges for 2008–09	4
Chair's Report	5
The Board	6
Key Result Areas	
Tenancy Management	9
Asset Management	12
Financial Management	14
Operational Management	17
Appendices	23
Financial Statements	28
Access to Services	52
Index	53



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.

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 2007–08

- Completed construction of 26 dwellings
- Commenced construction of nine dwellings
- Undertook major refurbishment of 31 dwellings
- Converted 47 villa unit carports into lockable garages
- Established 681 tenancies
- Undertook a survey of teacher tenants
- Hosted a conference for local housing representatives
- Commenced a program of returning administration of school residences not required for housing to the Department of Education and Training (DET)
- Developed a register of THA policies

challenges for 2008-09

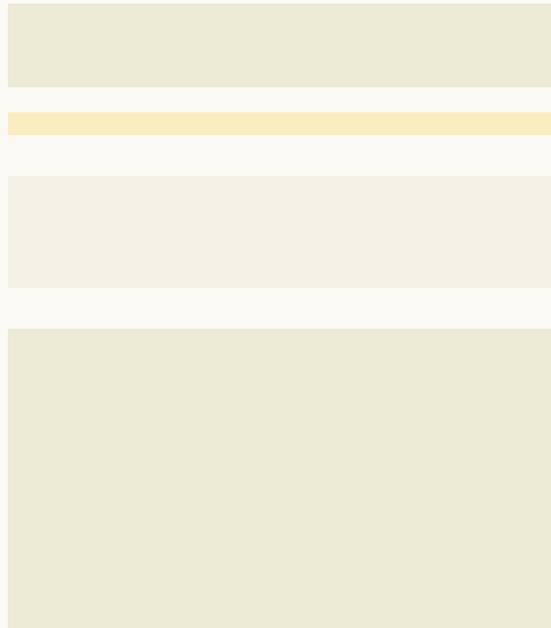
From an operational perspective the vacancy rate, a key performance indicator, increased in the prior period by almost two percent to 14.1%. Whilst the decline in demand for school residences and a reduced population in drought-affected areas contributed to this, it is a concerning trend having grown from 10.1% five years ago.

Alternatively, in the resource-boom affected communities such as Broken Hill, Cobar and Lightning Ridge an increasing population means more teachers and of course, more demand for teacher housing. The challenge for the THA is that given the limited capital and refurbishment budgets, how to best determine which properties should be maintained, which disposed of, and how many should be constructed, in which communities.

Almost contradictory another operational key performance indicator, the number of tenancies established increased by five percent. Indicating a higher component of temporary teachers. Temporary teachers offer the THA a different demographic to permanent teachers. Often not planning to remain in a community, they are likely to have different suite of accommodation needs – compounding the challenge of what type of property should be constructed.

Changes to the geographic areas and methods the DET subsidise teachers' rents may alter the propensity teachers are willing to share accommodation. In areas where a rental subsidy exists, there is little financial incentive for teachers to share, and whilst some teachers may be encouraged to share there is an increasing demand for single style accommodation ahead of 'shared-house' arrangements.

On the construction side of the business the skills shortage has already had an impact on sourcing skilled tradesman. The THA and their agents



who manage of the contingency maintenance issues continue to experience difficulty sourcing tradespeople across the state. This combined with the economic conditions in drought-affected areas has increased the difficulty of building and refurbishing properties in rural and remote NSW.

Finally, from an internal perspective, strategies to attract and retain employees are common across all government sectors and industries alike, yet smaller organisations such as the THA have an additional inherent problem. How to provide developmental opportunities, suitable for employees' individual needs given the relatively small scope of the business.

Whilst the 2007-08 year saw several employees acting in positions above their substantive position there is a looming challenge of developing innovative ways to continue providing temporary opportunities, as well as structured longer-term opportunities that align the individuals' needs with those of the THA.

chair's report

Predicting and then meeting the future accommodation needs of teachers in rural areas has never been an easy task. These challenges are harder to address in light of the changing demographics facing Teacher Housing.

A decreasing population in the state's drought affected communities means a higher vacancy rate in those areas, whereas the opposite is occurring in the state's resource boom-affected mining communities.

From an operational perspective, the occupancy rate decreased by almost two percent. Yet there was a five percent rise in established tenancies. This conflicting data is due to the increasing amount of short-term tenancy agreements associated with temporary and casual teachers. Indicating there is still a high demand for the services Teacher Housing provide although in a slightly altered form with a lower revenue base.

During the year, Teacher Housing completed twenty-six dwellings, a significant increase on the previous year. Quite an achievement in light of the tight labour market associated with the skills shortage and the normal difficulties associated with construction in rural areas. It is pleasing to see that the plans for next year are as equally ambitious.

The responses from the customer survey conducted during the year indicate there is a need to meet customer expectations in some of the services we provide. Opportunities exist to improve the methods of overseeing managing agents and to better understand customer perceptions in light of their expectations.

Local housing representatives continue to provide Teacher Housing with valuable information on accommodation needs and demands within their local communities. We now have more than fifty local housing representatives who provide their time voluntarily. They play an important role in providing ongoing support to teachers and liaising with managing agents. In August we hosted their bi-ennial conference in Dubbo. It is always a good opportunity for Teacher Housing to meet and thank housing representatives for their efforts and to review and address various procedural and planning issues.

This year, we saw the retirement of the General Manager – Craig de Plater. Craig has been with Teacher Housing for seventeen years, during which he has overseen the provision of support and assistance to numerous rural communities. He leaves Teacher Housing in a sound financial position and with superior quality accommodation. I am confident the effective relationships he established with the Department of Education and Training will remain. I would like to take the opportunity to thank Craig for his contribution to Teacher Housing and to wish him a well-deserved and rewarding retirement.

The new General Manager, Philip Shelley, joined the Teacher Housing Authority in June 2008. The Board welcomes Philip who comes to us with a strong background in delivering customer expectations while continuing to meet financial goals.

Once again, I would like to thank all the board members for their contribution and support throughout the year and extend my appreciation to the management and staff of Teacher Housing who continue to commit to the provision of a quality service for the state's rural and remote communities.



Beryl Jamieson
Chair

the board



From left to right: Beryl Jamieson, Mark Byrne, Jane Cavanagh, Katrina Jay

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 (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 (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.

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.



From left to right: Owen Hasler, Craig de Plater, Philip Shelley

Teacher Member (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 (to November 2007) (full-time)

Craig de Plater *BA (ex-officio)*

Craig joined the THA as Operations Manager in November 1990 and was appointed General Manager in January 1993. He retired from the Public Sector in November 2007.

The Board and THA staff acknowledge the significant contribution made by Craig during his 17 years with the Authority (14 years as General Manager and Board member).

His experience in asset management and public sector administration greatly assisted the development and implementation of effective strategies and policies for the THA.

The best wishes of the Board and staff go with him in his retirement.

General Manager (from June 2008) (full-time)

Philip Shelley *B. Bus (VU) PGDipMgt (Macq)
MBA (Macq) (ex-officio)*

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

With a background in hospitality, he has been involved in the strategic delivery of service-based solutions in often complex, customer service environments.

He brings to the THA a strong contract and account management focus, as well as commercial experience from diverse organisations that focus on business improvement and customer service.

board constitution

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.

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:

Chair	Beryl Jamieson	6
Deputy Chair	Mark Byrne	6
General Manager	Craig de Plater (to November 2007)	2
	Ken Parker (Acting December 07 – May 08)	3
	Philip Shelley (from June 2008)	1
Department of Education and Training Member	Jane Cavanagh	5
TAFE NSW Member	Katrina Jay	5
Teacher Member	Owen Hasler	5

During the year the THA installed video conferencing facilities, which have been utilised on a number of occasions when Board members were unable to attend the meeting face to face.

OPPOSITE PAGE, CLOCKWISE FROM BOTTOM LEFT:

1. L-R. Jenny Manns THA Housing Rep Cobar Public School, Sharnah Harriman THA, Philip Shelley THA, Peter Cochrane Principal Cobar High School, Biki Varela THA, Toni MacDonald Principal Cobar Public School.

2. L-R. Sharnah Harriman THA, Julie Leckie Relieving Principal White Cliffs Public School.

3. L-R. Len Fleming (THA Rep) – Warialda H/S, Arveen Kumar THA.

4. L-R. Margaret Keech (Local Housing Rep, Wilcannia) and Philip Shelley THA.

key result areas

Tenancy Management

Rents

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

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 subsidy does not extend to TAFE NSW teachers.

The Australian Valuation Office (AVO) reviews rents on behalf of the THA each year. Following the review of rents to apply from 1 May 2008, the AVO recommended no change for 52.4% of tenants, while 0.5% received a rental reduction and 47.1% had a rental increase. The Board approved the recommended rentals.

To meet the legislative requirements regarding formal notice periods to tenants, the proposed increases take effect on 4 August 2008.



Tenants who believed a 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 54 localities throughout NSW. Their functions include:

- recommending tenancy allocations, particularly in relation to proposed sharing arrangements;
- advising on local teacher accommodation demand and needs 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, an "Information Kit" is provided on their taking up the position.

In August 2007 the THA convened the eleventh biennial conference in Dubbo for local housing representatives. Thirty three representatives from throughout the State, together with THA Board members and staff, country organisers from the NSW Teachers Federation and Australian Valuation Office staff attended the conference.

The conference covered a number of topics including the role of local managing agents, rental determination, maintenance of dwellings, and allocation of housing.

At the end of the reporting period, the THA's representatives were as shown in Appendix 1 on page 23.



Managing Agents

Local real estate agents managing the THA's dwellings continues to be an integral strategy in delivering the housing service to teachers and private tenants where there is no teacher demand. The agents are primarily responsible for arranging contingent maintenance, undertaking tenancy inspections and providing general tenancy management advice.

The THA has 95 managing agents, encompassing 1451 dwellings (95% of the housing stock).

At the end of the reporting period, the THA's agents were as shown in Appendix 2 page 24.

It is proposed to review and update the agreement the Authority has with agents managing dwellings predominantly occupied by teachers (TLS agents), early in the new financial year.

Tenant Survey

In September 2007 the Authority undertook a survey of all teacher tenants to gauge the effectiveness of the services provided by the THA and its managing agents.

In terms of overall satisfaction, 85% of respondents rated the THA as "terrific-satisfactory", while 75% gave the same rating to their managing agent.

The Authority analysed the survey responses and noted that concerns expressed by tenants generally related to "one off" matters with individual properties, rather than reflecting fundamental problems with the THA's policies and procedures.

While no systemic issues were identified, the survey revealed a level of dissatisfaction with managing agents in relation to responsiveness to requests for non urgent repairs and maintenance. A suite of strategies were introduced to address the dissatisfaction, including:

- writing to all agents reminding them of their responsibilities outlined in the management agreement with the THA;
- writing to all teacher tenants outlining their rights as tenants and suggesting ways to facilitate a good relationship with their agent;
- logging complaints in a Complaint Handling System and investigating all matters raised; and
- seeking feedback from tenants on agent performance during field trips by THA Board members and staff.

It is intended to introduce a more frequent satisfaction survey regime in the new reporting year.



THIS PAGE CLOCKWISE FROM LEFT TO RIGHT:

1. L-R. Sharnah Harriman THA, Leanne Booby, Roslyn Hay and Len Sevil, Len Sevil Real Estate, Narrabri.

2. L-R Di Kelly, Kelly's Property Sales, Walgett, and Arveen Kumar THA.

3. L-R, Sharnah Harriman THA, Gail Russell and Katrina Davies, Landmark Russell Real Estate, Cobar, and Biki Varela THA.

I really appreciated the wonderful response I consistently received from the THA staff. I could not have accepted the Acting Principal position without the flat and the THA support and advice.

A tenant's letter of appreciation



TOP RIGHT: L-R. Biki Varela THA and John Bent, Century 21, Broken Hill.

RIGHT: L-R Sharnah Harriman THA, Gillian Neild and Tony Conway, Leo Conway Real Estate, Balranald, and Biki Varela THA.

Vacancy Rate

The annual dwelling vacancy rate averaged 14.1%. Whilst this is greater than the industry norm, it was inflated by the large number of teachers who transferred from schools and vacated their dwelling over the summer vacation (the vacancy rate in January 2008 was 16.9%).

Other factors included:

- the difficulty in attracting good tenants to school residences that are not required by teaching staff and are situated in isolated localities;
- declining student enrolments in drought affected areas, which reduced some school's teacher entitlement;
- the number of dwellings that are held vacant for teachers (sometimes for lengthy periods), following advice from the Department of Education and Training (DET) that an appointment to a school in the locality is imminent; and
- the need to leave some dwellings vacant pending disposal action.

Where dwellings are vacant due to no teacher demand, the THA (through its managing agents) lets the properties to members of the community.

The THA believes that a rationalisation of the school residences managed on behalf of DET will have a positive impact on the overall vacancy rate. That issue is covered in more detail elsewhere in this report (see page 13).

Housing Demand

During the year the THA met most demand for housing by teachers. While at April 2008 there were 144 unsatisfied applications for housing, 70% were from teachers who reside in private accommodation in the town in which they teach. A further 2.7% were already housed in THA accommodation and wished to relocate to another THA dwelling in the town.

In addition, 17.4% 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, 21 villa units and five houses were constructed or acquired (see list at Appendix 3 on page 25). Works in progress at the end of the year included one house and 13 villa units (see list at Appendix 4 on page 25).

At 30 June 2008 the THA's portfolio consisted of 1530 properties, comprising 799 houses (including 252 school residences), 697 villa units and 34 allotments of vacant land.

Land purchases

The THA purchased allotments of vacant land in Baradine, Bourke and Broken Hill at a total cost of \$190,180.

This land will meet construction needs as identified in future Capital Programs.

Heritage Assets

The THA Heritage and Conservation Register currently list 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.

As part of the THA's Heritage Strategic Plan, the Authority engaged a consultant this year to prepare a thematic history of teacher housing in NSW. A draft of the history has been received, but is yet to be accepted in final form.



It has been previously reported that the THA manages school residences owned by the Department of Education and Training (DET). The department is currently assessing whether any of those properties warrant inclusion as heritage assets but has indicated the project will not be completed until December 2009. In view of this, the THA will not be able to finalise its Heritage and Conservation Register until 2010.

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.

The registration of successful firms is 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 31 dwellings at a cost of \$1.945m.

This was the final 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 commenced on six dwellings in Ivanhoe and eight in Collarenebri.

Local real estate agents are engaged to arrange contingent maintenance and repairs to THA dwellings. During the year, expenditure of \$3.993m was incurred on contingent maintenance items.



THIS PAGE LEFT: Yartla Street, Menindee.

ABOVE: Hood Street, Wilcannia.

OPPOSITE PAGE: An existing dwelling in Cobar purchased this 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 \$300,000 and the gross proceeds for the two properties sold amounted to \$350,000. 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 5 on page 26.

School Residences

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

As indicated last year, DET undertook a review of school residences that have been privately tenanted or vacant for some time, to determine their future use. Following that review, the Minister approved the disposal of 98 school residences spread across the state.

The THA is working in conjunction with the Department to return administration of the dwellings so that a staged disposal program is implemented.

In 2007-08, the THA returned the following 15 residences to the Department's administration:

Beelbangera	Tabulam
Borenore	Tallimba
Bungwahl	Taralga
Burraboi	Tarcutta
Copmanhurst	Ulan
Koorawatha	Windeyer
Rand	Yanco
Rappville	

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.

Financial Management

Financial Performance

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

The 2007-08 result was a surplus of \$0.829m, which was \$1.480m greater than budget. Operating revenue totalled \$14.842m and included a rental income of \$9.342m. The contribution received from the State Government totalled \$5.115m which was in accordance with the THA's budget appropriation for 2007-08.

Operating expenses totalled \$14.013m which was \$1.471m lower than budget. This resulted from a combination of a positive variance in Property Refurbishment Program and Other Administration Expenses.

Property Maintenance expenses were \$1.292m under budget. Contingent Maintenance was \$0.545m over budget and the most significant increases occurred in electrical, furnishings, ground and plumbing and general maintenance. Property Refurbishment Program totalled \$1.945m against a budget of \$3.783m. A number of projects were deferred and will be included in the 2008-09 budget.

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.

The net cash outflow from the THA Capital Program totalled \$4.488m for 2007-08. This represented a decrease of \$1.212m on the budgeted outflow of \$5.700m.

Gross proceeds from the sale of two properties totalled \$0.350m.

Land Owned or Occupied

The value of land owned or occupied as at 30 June 2008 was:

	2007-08 \$'000	2006-07 \$'000
Vacant Land	676	275
Residences	28,366	28,577
Total land owned or occupied	29,042	28,852

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.

Key Financial Statistics

Five year trend

Key Financial Results	2007-08 \$'000	2006-07 \$'000	2005-06 \$'000	2004-05 \$'000	2003-04 \$'000
Financial Performance					
Revenue	14,842	14,673	14,397	13,650	14,444
Expenses	14,013	13,086	12,790	12,308	12,526
Operating Result	829	1,587	1,607	1,342	1,918
Included in Operating Result:					
State Government Contribution	5,115	5,056	4,876	4,700	5,700
Borrowing Costs	0	0	117	273	414
Financial Position					
Assets	146,198	147,045	116,330	118,924	118,083
Liabilities	1,539	1,707	1,714	4,544	3,783
Net Assets	144,659	145,338	114,616	114,380	114,300
Financial Analysis					
Current Ratio	3.4:1	3.5:1	2.4:1	1.08:1	4.6:1
Total Debt to Total Assets	1.0%	1.2%	1.5%	3.8%	3.2%
Total Assets to Equity	101.0%	101.2%	101.5%	104.0%	103.3%
Return on Assets	1.0%	1.2%	1.4%	1.4%	1.6%
Return on Assets (Underlying)	-2.7%	-2.5%	-2.7%	-2.7%	-2.9%

Performance against budget

Management Operations	2007-08 Actual \$'000	2007-08 Budget \$'000	2007-08 Variance \$'000	2008-09 Budget \$'000
Revenue				
Rental Income	9,342	9,418	(76)	9,700
Government Contribution	5,115	5,115	0	5,265
Investment and Other Income	385	300	85	207
Total Operating Revenue	14,842	14,833	9	15,172
Expenses				
Property Maintenance	5,938	7,230	1,292	7,800
Property Rates	1,545	1,531	(14)	1,631
Personnel Services Expenses	1,874	1,900	26	2,033
Other Administration Expenses	1,763	2,223	460	2,696
Loss on Asset Disposals	17	100	83	0
Depreciation	2,876	2,500	(376)	2,900
Total Operating Expenses	14,013	15,484	1,471	17,060
Operating Surplus/(Deficit)	829	(651)	1,480	(1,888)
Capital Program				
	2007-08 Actual \$'000	2007-08 Budget \$'000	2007-08 Variance \$'000	2008-09 Budget \$'000
Receipts				
Asset Disposal Proceeds	351	300	51	300
Total Capital Receipts	351	300	51	300
Payments				
New Works	4,819	5,830	1,013	4,255
Other	20	170	150	135
Total Capital Payments	4,839	6,000	1,163	4,390
Net Cash Inflow/(Outflow)	(4,488)	(5,700)	1,214	(4,090)

Account Payment Performance

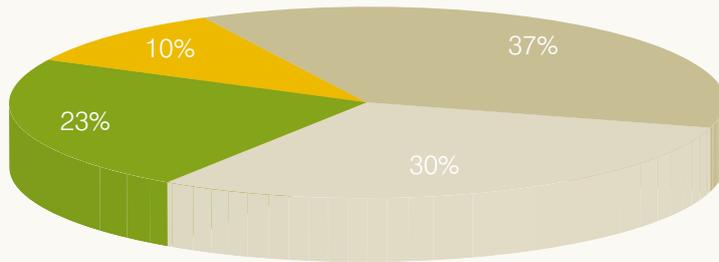
Value of Invoices Paid	1st Quarter \$'000	2nd Quarter \$'000	3rd Quarter \$'000	4th Quarter \$'000	Total \$'000
Paid Before Due	4,842	3,152	3,818	3,757	15,569
<30 days Overdue	326	262	57	439	1,084
>30<60 days Overdue	0	0	0	0	0
>60<90 days Overdue	0	0	0	0	0
>90 days Overdue	0	0	0	0	0
Total Value of Invoices Paid	5,168	3,414	3,875	4,196	16,653
Number of Invoices Paid					
Number Paid	4,172	3,332	3,642	3,987	15,133
Number Paid on Time	4,155	3,322	3,614	3,937	15,028
Percentage Paid on Time	99.59%	99.70%	99.23%	98.75%	99.31%

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.

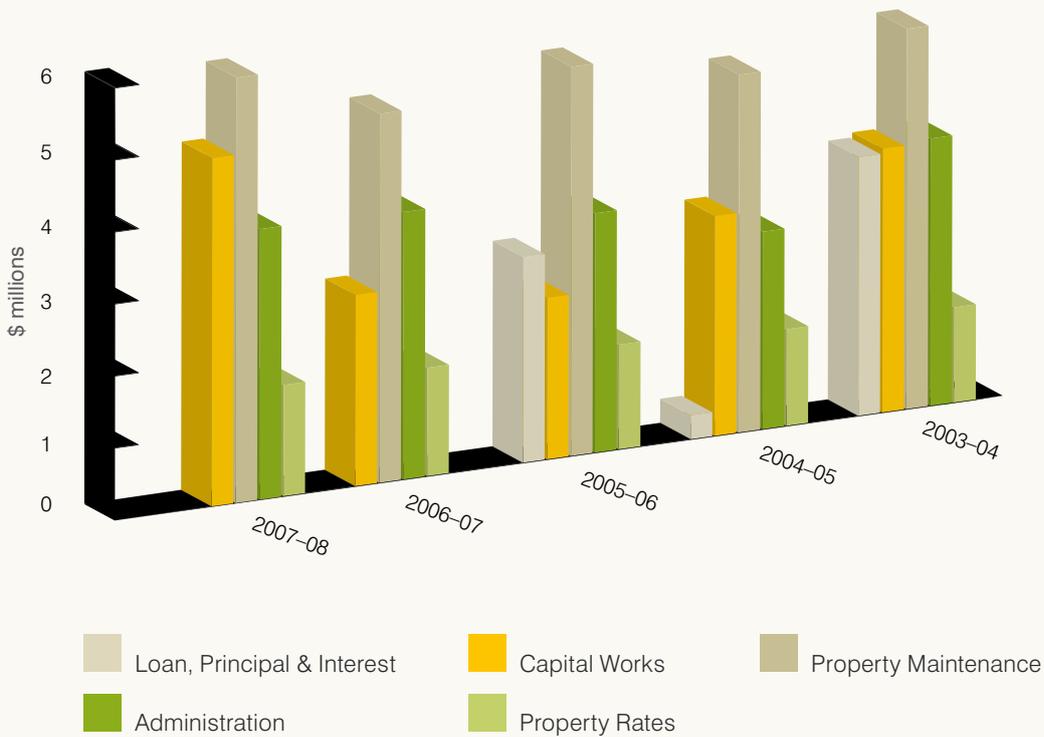
2007-08 Expenditure Dissection

(Total Cash Outlay – \$16.0M)



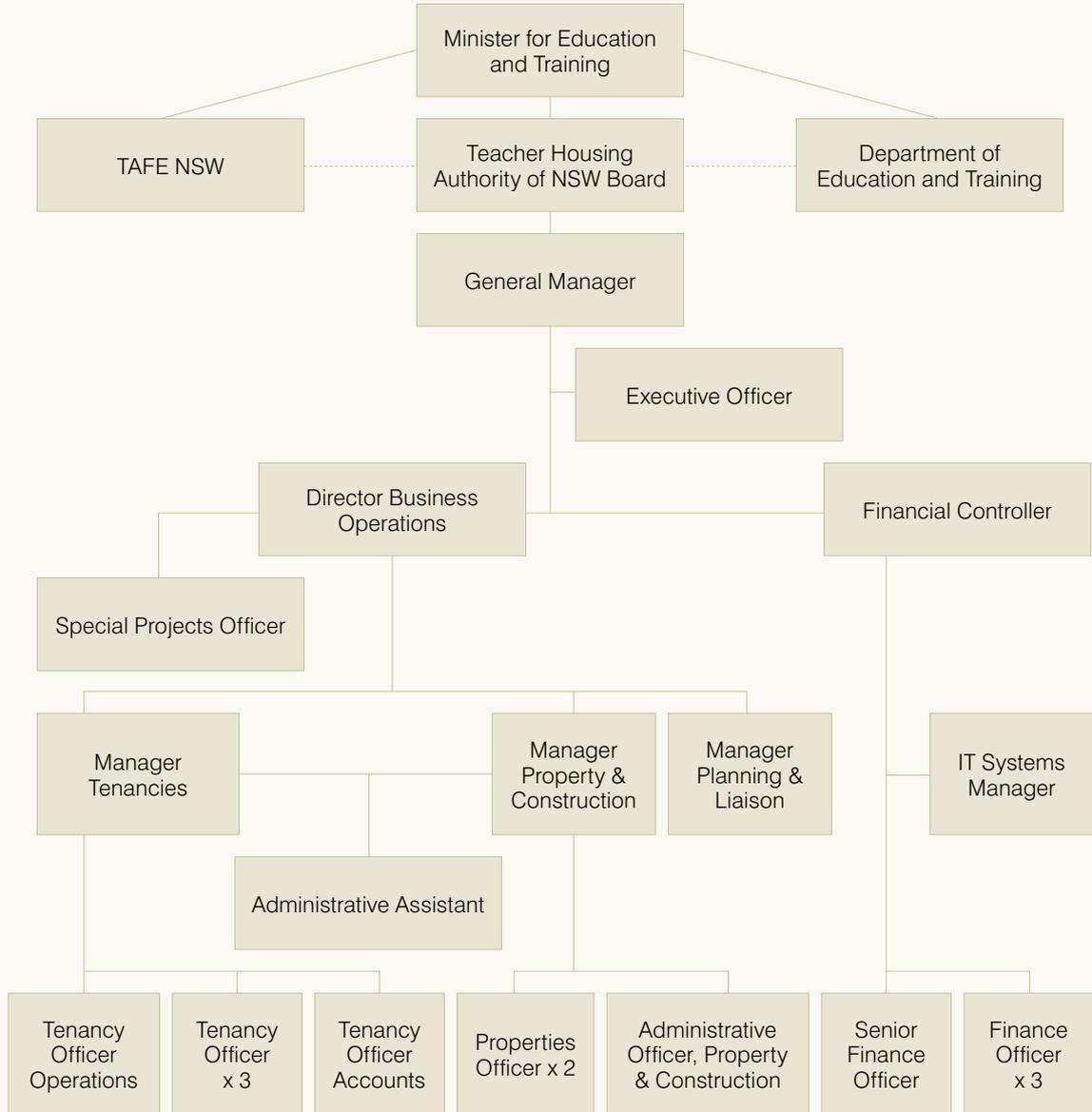
- Property Rates 10%
- Administration 23%
- Capital Works 30%
- Property Maintenance 37%

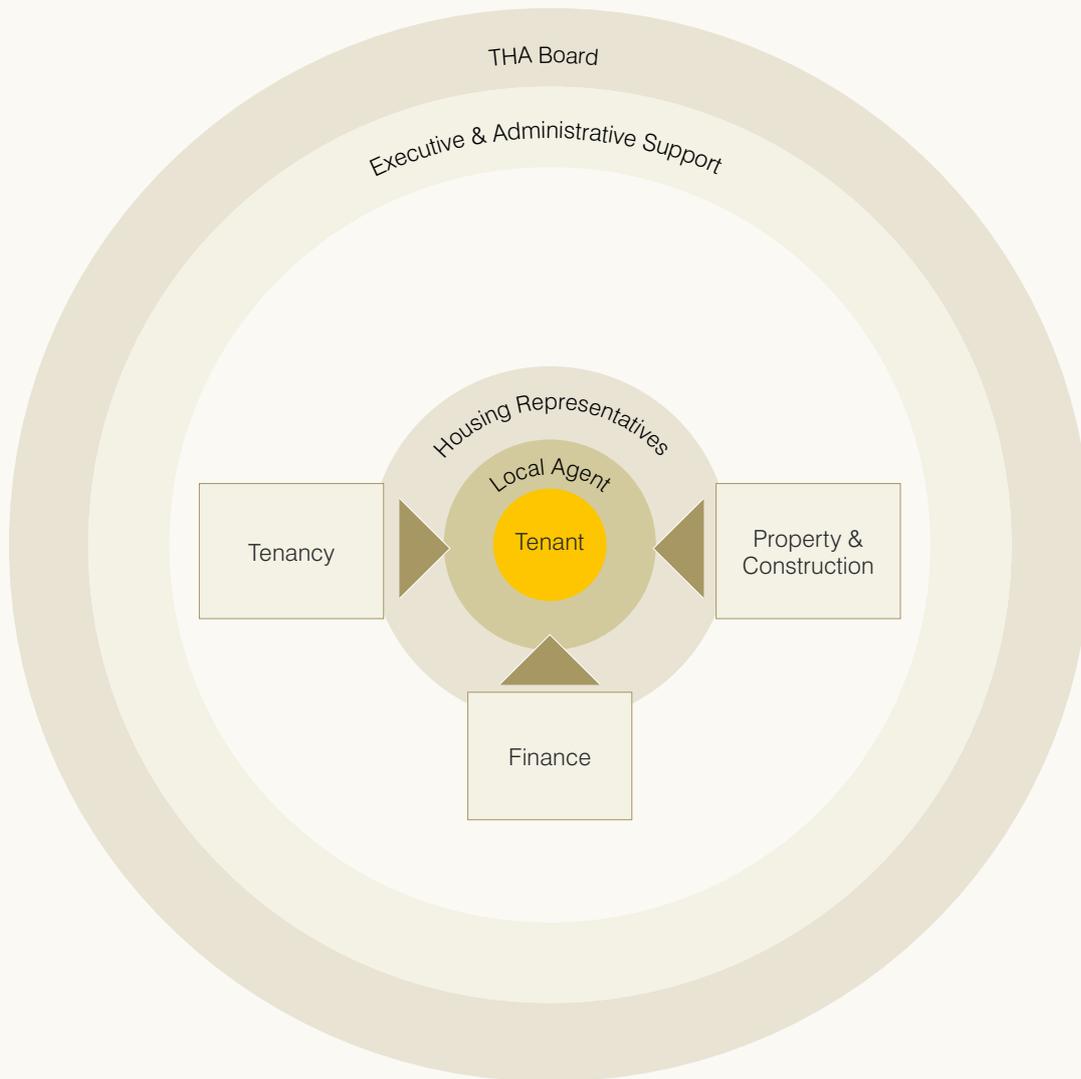
Expenditure comparison by major categories



Operational Management

The charts hereunder and over the page outline the THA's organisation structure, reporting lines and functional responsibilities.





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 6 on page 26.

Appreciation

Due to a number of job changes, many staff acted in higher positions throughout the year. The Board would like to thank those staff members for their efforts during this period of substantial staffing instability.



LEFT TO RIGHT: Neryl Wilson, Manager Property and Construction; Philip Shelley, General Manager; Praveen Swarup, Financial Controller; Ken Parker, Director Business Operations; Sharnah Harriman, Acting Manager Tenancies; Mark Faulkner, IT Systems Manager.

Management Team

Philip Shelley *B. Bus (VU) PGDipMgt (Macq) MBA (Macq)*

General Manager

See page 7 for employment background. Philip was appointed as General Manager in June 2008. 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 *F CPA; BAcctg; Dip Bus*

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.

Sharnah Harriman

A/Manager Tenancies

Sharnah has acted as Manager Tenancies since December 2007. Her substantive position is Tenancy Officer in the THA. Sharnah 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 providing 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 *B Info Tech*

IT Systems Manager

Mark was appointed as IT Systems Manager in April 2005 after having worked in both the local government sector and the private sector including Cap Gemini and DuPont.

He is responsible for managing all aspects of the THA's IT systems including Networks, Hardware, Software, PABX, Information Security and Business Continuity. Mark also provides advice to management on the future direction of technology and its potential benefits to the THA.



LEFT TO RIGHT: Executive and Administrative Support – Steve Jaques, Special Projects Officer; Michelle Forward, Executive Officer. Tenancy Branch – Arveen Kumar, Tenancy Officer North; Elaine Thornton, Tenancy Officer South; Beth Tamm, Tenancy Officer Operations; Dee Wilson, Tenancy Officer Accounts; Biki Varela, Tenancy Officer Central.

Executive and Administrative Support

Michelle Forward

Executive Officer

Michelle 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.

Tenancy Branch

Tenancy Officers Arveen Kumar, Elaine Thornton and Biki Varela 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, Arveen manages tenancies in the Far North West, North West and North Coast areas; Biki the Far Central West, Central West and Mid North Coast and Elaine the Far South West, Riverina and South Coast.

Beth Tamm is the Tenancy Officer Operations. She is responsible for ensuring that managing agents meet the obligations outlined in their management agreement. Beth 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.

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 Robert Pyne, Becky Luo and Klara Slavikova 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.

Property And Construction Branch

The process of acquiring land or property is undertaken by the Administrative Officer Property and Construction, Rebecca Pohlner. She 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.



LEFT TO RIGHT: **Finance Branch** – Becky Luo, Finance Officer Receivables; Khuong Duong, Senior Finance Officer; Robert Pyne, Finance Officer Payables; Klara Slavikova, Finance Officer Payables. **Property and Construction Branch** – Tiffany Johnson, Administrative Assistant; Rebecca Pohlner, Administrative Officer, Property and Construction; John McGaughey, Properties Officer, North; Kevin Bray, Properties Officer, South (absent); Karen Vargas, Acting Administrative Assistant (absent).

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 2007 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 \$9,900 was incurred on training and development during the year.

Eleven of 22 staff members undertook a diverse range of courses relating to areas such as business writing, IT applications, financial management, contract management and first aid certification.

In addition, the Department of Premier and Cabinet funded the enrolment of one officer in the 2008 Executive Development Program.

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.

Occupational Health and Safety

During 2007–08 only minor issues relating to occupational health and safety were reported, with no loss of working time involved.

All THA staff were offered influenza vaccination prior to the 2008 winter season, with the cost being met by the Authority.

In addition, the THA has canvassed staff about initiatives they would support, following dissemination by the Department of Premier and Cabinet of the Healthy Workforce Policy. A number of ideas were suggested, with one being trialled in the second half of the year and proving popular with staff.

Sick Leave

The total sick leave taken by THA staff over the 12 month period from April 2007 to March 2008 was 168 days. Excluding the prolonged absence of one officer due to illness, the average sick leave per staff member was 7.8 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) completes the annual workforce profile in respect of THA staff.

Client Relationships

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.

Other Activities

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:

- The Tenancy Liaison Service
- Operational Performance Reporting; and
- Taxation Compliance

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 2007–08 the premium was \$213,891 (\$179,498 for property cover).

Property claims totalling \$115,646 were made against the fund this year. Details are shown at Appendix 7 on page 27.

Consultants

The THA engaged four consultants to assist with the following projects: job evaluation; tenant survey; Thematic History of the THA and recruitment of the General Manager.

The total cost of consultancies was \$59,439.

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 2008.

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 the Intranet and provide advice on ICT strategic planning and other government and central agency requirements.

Information Security

The THA gained certification to the ISO/IEC 27001:2005 Standard for information security management in October 2006.

Assessments undertaken by Lloyd's Register Quality Assurance Limited in February and May 2008 recommended that certification for the THA continue.

Overseas Travel

No Board or staff member travelled overseas on official business during 2007–08.

appendices

Appendix 1

Local Housing Representatives

Name	Locality
Mr David Beal	Balranald
Mr Ian Foulstone	Baradine
Mr Geoff Swan	Barellan
Mr Andrew Jansen	Batlow
Ms Sarah Basquil	Barham
Ms Karen Newby	Boggabilla
Mr Michael Conrad	Bourke
Mr Grant Weatherby	Brewarrina
Mr Gavin Blows	Broken Hill
Ms Toni MacDonald	Cobar
Ms Cheryl Bennett	Coleambally
Miss Kim Roberts	Collarenebri
Mr Chris Dungate	Coolah
Mr Noel Willoughby	Coonabarabran
Ms Gillian McKenzie	Coonamble
Mr Ray Jones	Crookwell
Mr Rory McPherson	Dareton
Mr John Burns	Deniliquin
Mr Terry McGoldrick	Dunedoo
Mr Stephen Roche	Finley
Ms Kate Bender	Gilgandra
Ms Belinda Rasmussen	Goodooga
Mr Richard Wiseman	Griffith
Mr John Chapman	Gulargambone
Mr Christopher Metcalfe	Gundagai
Ms Barbara Reynolds	Gunnedah
Ms Jenny Brayshaw	Hay

Name	Locality
Mrs Barbara Novelli	Hillston
Mr Glenn Partridge	Inverell
Mr Mark Densmore	Ivanhoe
Mrs Sharon McFadden	Jindabyne
Ms Pam Halliburton	Junee
Mr Colin Winter	Kandos
Mr Brad Robinson	Lake Cargelligo
Ms Julie O'Donoghue	Lightning Ridge
Mr Roy Baulch	Menindee
Mr Justin Graham	Moree
Mrs Nicole Brosnan	Mungindi
Mrs Lani Ranger	Narrabri
Mrs Lorraine Haddon	Nyngan
Ms Melanie Wait	Tooleybuc
Mrs Susan Barbary	Tottenham
Mrs Jill Colwell	Trangie
Ms Belinda Henderson	Tumbarumba
Mrs Helen Culbert	Ungarie
Ms Samantha Thompson	Walgett
Mr Len Fleming	Warialda
Ms Michelle Dess	Warren
Mr Tim McIntyre	Wee Waa
Ms Joan Housden	West Wyalong
Mrs Margaret Pett	Wilcannia
Ms Anne Barratt	Yass
Mr David Scott	Yeoval

Appendix 2

Managing Agents

Managing Agent	Locality
Amato Real Estate	Leeton
Andrew Mitchell Real Estate	Boorowa
Arthur J Johnston	Nyngan
Bailey & Gough First National Real Estate	Grafton
Bathurst First National Real Estate	Bathurst
Brennan & Cummins	Goondiwindi
Brian S Johnson	Brewarrina
Century 21 McLeods	Broken Hill
Col Brett First National	Oberon
Davidson Cameron & Co	Coonabarabran
Diana Corcoran Real Estate	Glen Innes
Dillon & Sons First National Real Estate	Dungog
Ditchfield First National Real Estate	Inverell
Dwyer Young PRD Nationwide	Gloucester
Ede's Real Estate	Bulahdelah
Elders	Bangalow
Elders	Deniliquin
Elders Limited	Holbrook
Elders Limited	Yass
Elders Real Estate	Lismore
Elders Real Estate	Scone
Eldridge Properties	Wagga Wagga
Elstone Agencies	Wentworth
Fisk & Nagle First National Real Estate	Cooma
G M Llewelyn & Co	Merriwa
Griffith Real Estate	Griffith
Gunnedah First National Real Estate	Gunnedah
H (Roy) Miller	Bingara
Halcroft & Bennett	Coonamble
Harold Curry	Tenterfield
Hastings Valley Property Management	Wauchope
J N Straney & Son	Condobolin
Jack Gillham Agencies	Gulgong
Jeff Grosse Real Estate	Walla Walla
Joe Jones & Associates	Trangie
John B McGregor Real Estate	Young
Kane Real Estate	North Albury
Kelly's Property Sales	Walgett
Kennedy & Mortlock Rodwells	Barham
Kevin Penson Stock & Property	Manildra
Kirkland Real Estate	Urunga

Managing Agent	Locality
Kosciusko First National Real Estate	Jindabyne
Kyogle Real Estate	Kyogle
L J Hooker	Bowral
L J Hooker	Echuca
L J Hooker	Lithgow
L J Hooker	Muswellbrook
L J Hooker	Singleton
Landmark	Barraba
Landmark Boulton's	Walcha
Landmark Russell	Cobar
Len Sevil	Narrabri
Leo Conway Agencies	Balranald
Lloyd Sheridan	Coolah
M F Brennan & Co	Temora
M H Thomas	Gilgandra
M S Davidson Co	Henty
Michael Robinson & Co	Forbes
Milling Stuart	Dunedoo
Moncrieff Livestock & Property	West Wyalong
Moree Real Estate	Moree
Narrandera Real Estate Services	Narrandera
Neil Kerr First National Real Estate	Cobram
New England Town & Country Real Estate	Armidale
Noel Watson	Swan Hill
Peter Druitt & Co	Rylstone
Phil Shoemark Agencies	Braidwood
PRD Nationwide	Gundagai
PRD Nationwide	Junee
PRD Nationwide	Tumbarumba
Prosser Hutton	Mungindi
Raine & Horne	Dubbo
Raine & Horne	Gunnedah
Raine & Horne	Orange
Raine & Horne	Wellington
Rawlinson & Brown	Hay
Ray White	Cowra
Ray White	Goulburn
Ray White	Parkes
Ray White	Tamworth
Real Estate Rentals	Taree
Richardson & Wrench	Coffs Harbour
Richardson & Wrench	Mudgee
Roache & Matthews	Peak Hill

Managing Agent	Locality
Ron Loiterton Real Estate	Cootamundra
Stockdale & Leggo - Corowa	Corowa
Thomas First National	Branxton
Tumut Real Estate	Tumut
V J Flett Pty Ltd Inc D P O'Brien	Manilla
Western Plains Real Estate	Dubbo
Wilkinsons Real Estate Agencies	Richmond

Managing Agent	Locality
Wilkinsons Real Estate Agencies	Riverstone
Wilkinsons Real Estate Agencies	Windsor
Williams Machin First National	Molong
Winsome First National Real Estate	Kempsey

Appendix 3

Dwellings Constructed or Acquired During 2007–08

Town	Project Description	Total Cost \$
Carrathool	1 x 3 bedroom house	184,823
Cobar	4 x 1 bedroom villa units	675,695
Cobar	1 x 4 bedroom house	345,164
Condobolin	2 x 1 & 1 x 2 bedroom villa units	712,786
Hay	2 x 1 & 1 x 2 bedroom villa units	635,406
Hay	1 x 4 bedroom house	293,953
Hay	1 x 4 bedroom house	293,953
Lightning Ridge	1 x 1 & 1 x 2 bedroom villa units	463,505
Menindee	2 x 1 & 1 x 2 bedroom villa units	783,477
Nyngan	1 x 4 bedroom house	354,054
Nyngan	2 x 2 bedroom villa units	459,507
Wilcannia	4 x 1 bedroom villa units	821,232
TOTAL		6,023,555

Appendix 4

Works in Progress as at 30 June 2008

Town	Project Description	Expenditure to 30 June 2008 \$	Estimated Completion
Baradine	3 x 1 bedroom villa units	28,560	Nov 2008
Bourke	4 x 1 bedroom villa units	22,710	Nov 2008
Cobar	2 x 2 bedroom villa units	nil	Feb 2009
Coonamble	1 x 4 bedroom house	nil	Apr 2009
Jindabyne	2 x 2 bedroom villa units	75,796	Sept 2008
Weilmoringle	1 x 1 bedroom villa unit	nil	Dec 2008
Yetman	1 x 2 bedroom villa unit	nil	Apr 2009
TOTAL		127,066	

Appendix 5

Dwellings Sold in 2007–08

Locality	Address	Contract Price \$
Coonabarabran	15 Hagan Street	120,000
Stuarts Point	11 Ocean Street	230,000
TOTAL		350,000

Appendix 6

THA Employees by Category

Category	2007–08	2006–07	2005–06	2004–05
Administrative and Clerical	22	22	22	21

Appendix 7

Treasury Managed Fund – Property Insurance Claims

Locality	Claim	Cost \$
Balranald	Repairs (accidental damage)	1,610
Balranald	Repairs (storm damage)	1,382
Bombala	Repairs (kitchen fire)	2,388
Bourke	Repairs (fire/arson)	1,526
Bourke	Repairs (fire/arson)	31,993
Coleambally	Repairs (storm damage)	2,503
Condobolin	Repairs (water damage)	1,319
Coolah	Repairs (malicious damage)	1,180
Coonabarabran	Repairs (water damage)	4,587
Coonamble	Repairs (malicious damage)	1,443
Coonamble	Repairs (storm damage)	2,185
Coonamble	Repairs (malicious damage)	3,365
Cootamundra	Repairs (water damage)	11,271
Dundurrabin	Repairs (water damage)	1,149
Dunedoo	Repairs (storm damage)	2,981
Dunedoo	Repairs (accidental damage)	1,825
Hay	Repairs (water damage)	2,035
Hillston	Repairs (water damage)	1,257
Inverell	Repairs (malicious damage)	4,256
Ivanhoe	Repairs (water damage)	2,420
Maroota	Repairs (storm damage)	3,293
Moree	Repairs (water damage)	3,000
Nymboida	Repairs (storm damage)	2,175
Tottenham	Repairs (water damage)	7,623
Walcha	Repairs (water damage)	1,722
Wee Waa	Repairs (fusion/elec faults)	1,152
Wooli	Repairs (impact/collision)	4,801
Various	Repairs (15 claims under \$1,000)	9,205
TOTAL		115,646

financial statements

For the Year Ended 30 June 2008

Statement by Members	28
Independent Auditor's Report	29–30
Income Statement	31
Statement of Recognised Income and Expenses	32
Balance Sheet	33
Cash Flow Statement	34
Notes Accompanying and Forming Part of the Financial Statements	35–51

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 2008 and the transactions for the year ended; and
- (ii) The statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, 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.



Beryl Jamieson
Chair

10 October 2008



Philip Shelley
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 2008, 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 at 30 June 2008, and its financial performance and 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.

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

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 controls 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 controls relevant to the Authority'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 Authority's internal controls. 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 it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office of New South Wales 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.



Peter Barnes
Director, Financial Audit Services

15 October 2008
SYDNEY

[Start of Audited Financial Statements]

Income Statement

For the Year Ended 30 June 2008

	Note	2007-08 \$'000	2006-07 \$'000
Revenues			
Rental Income	2	9,342	9,133
Investment Income		382	482
Other Income		3	0
State Government Contribution	3	5,115	5,056
TOTAL REVENUES		14,842	14,671
Expenses			
Property Maintenance		5,938	5,323
Property Rates		1,545	1,514
Personnel Services Expenses	4	1,874	1,873
Other Administration Expenses	5	1,763	1,888
Depreciation	8(a)	2,876	2,488
TOTAL EXPENSES		13,996	13,086
Gain/(Loss) on Disposal of Non-Current Assets	8(b)	(17)	2
Surplus for the Year		829	1,587

The accompanying notes form part of these statements

Statement of Recognised Income and Expenses

For the Year Ended 30 June 2008

	Note	2007-08 \$'000	2006-07 \$'000
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	16	(1,508)	29,135
Total Income and Expense recognised directly in Equity		(1,508)	29,135
Surplus for the Year		829	1,587
Total Income and Expense recognised for the Year		(679)	30,722

The accompanying notes form part of these statements

Balance Sheet

As at 30 June 2008

	Note	2008 \$'000	2007 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	4,767	5,615
Receivables	7	380	393
Total Current Assets		5,147	6,008
Non Current Assets			
Property, Plant and Equipment	8(a)	140,901	140,814
Receivables	7	150	223
Total Non Current Assets		141,051	141,037
TOTAL ASSETS		146,198	147,045
LIABILITIES			
Current Liabilities			
Payables	9	933	792
Provisions	11	532	811
Other	9(b)	74	104
Total Current Liabilities		1,539	1,707
TOTAL LIABILITIES		1,539	1,707
NET ASSETS		144,659	145,338
Equity			
Retained Earnings	14	74,132	73,050
Asset Revaluation Reserve	15	70,527	72,288
TOTAL EQUITY		144,659	145,338

The accompanying notes form part of these statements

Cash Flow Statement

For the Year Ended 30 June 2008

	Note	2007-08 \$'000	2006-07 \$'000
Cash Flows from Operating Activities			
Payments			
Property and Administration		(11,177)	(10,369)
Total Payments		(11,177)	(10,369)
Receipts			
Rental Income		9,405	9,003
Investment Income		382	482
Other Income		3	0
Total Receipts		9,790	9,485
Cash Flows from Government			
State Government Contribution		5,115	5,056
Department of Education and Training Capital Contribution		600	600
Department of Education and Training Capital Payments		(688)	(791)
Net Cash Flows from Government		5,027	4,865
Net Cash from Operating Activities	13	3,640	3,981
Cash Flows from Investing Activities			
Purchases of Non-Current Assets		(4,839)	(2,657)
Proceeds from Disposal of Non-Current Assets		351	386
Net Cash Used in Investing Activities		(4,488)	(2,271)
Net Increase/(Decrease) in Cash		(848)	1,710
Opening Cash		5,615	3,905
CLOSING CASH	6	4,767	5,615

The accompanying notes form part of these statements

notes

accompanying and forming part of the financial statements

For the Year Ended 30 June 2008

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 10 October 2008.

(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 Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* 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 Australian Accounting Interpretations.

(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 claim experience.

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

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

(i) Acquisitions of Assets

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

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

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

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

(j) Capitalisation Thresholds

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

(k) Revaluation of Property, Plant and Equipment

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

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

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market 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 retained earnings.

(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 2007–08 financial year are:

(i) Office Furniture and Equipment	20.0%
(ii) Motor Vehicles	25.0%
(iii) Office Furniture and Equipment – 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) Impairment of Financial Assets

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

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

Any reversals of impairment losses are reversed through the operating statement, where there is objective evidence.

(r) Payables

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

(s) Remuneration of Authority Members

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

(t) New Australian Accounting Standards issued but not effective as mandated by Treasury

- AASB 3 (March 2008), AASB 127 and AASB 2008-3 regarding business combinations;
- AASB 8 and AASB 2007-3 regarding operating segments;
- AASB 101 (Sept 2007) and AASB 2007-8 regarding presentation of financial statements;
- AASB 1004 (Dec 2007) regarding contributions;
- AASB 1049 (Oct 2007) regarding the whole of government and general government sector financial reporting;
- Interpretation 4 (Feb 2007) regarding determining whether an arrangement contains a lease;
- Interpretation 14 regarding the limit on a defined benefit asset.

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

2. Rental revenue

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

Rental Income comprise:	2007-08 \$'000	2006-07 \$'000
Gross Rental Income	9,353	9,152
Net Transfer From/(To) Allowance for Impairment – [Note 7(a)]	(11)	(19)
Total Rental Income	9,342	9,133

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:	2007-08 \$'000	2006-07 \$'000
State Government Contribution	5,115	5,056
Total State Government Contribution	5,115	5,056

4. Personnel services

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

Personnel Services comprise:	2007-08 \$'000	2006-07 \$'000
Salaries and Wages	1,431	1,488
Recreation Leave	75	16
Long Service Leave	(51)	84
Superannuation	171	47
Total Employee Benefit Expenses	1,626	1,635
Other Employee Related Expenses	248	238
Total Employee Related Expenses	1,874	1,873

5. Other administration expenses

Other Administration Expenses comprise:	2007-08 \$'000	2006-07 \$'000
Audit Fees – Audit of the Financial Report	53	44
Audit Fees – Other	48	34
Consultants	59	25
Office Lease Expense	196	211
Insurance	203	143
Property Valuations	76	375
Property Management Fees	649	634
Computer Systems Development	111	138
Office Equipment Maintenance Contracts	25	19
Conferences	39	0
Travel Expenses	60	41
Admin cost – outsourcing	48	47
Other General Administration	196	177
Total Other Administration Expenses	1,763	1,888

6. Cash and cash equivalents

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

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

Cash and Cash Equivalents comprise:	2008 \$'000	2007 \$'000
Cash on Hand	1	1
Cash at Bank	46	41
Investments	4,720	5,573
Total Cash and Cash Equivalents at 30 June	4,767	5,615
Represented in the Balance Sheet as:		
Current Assets – Cash and Cash Equivalents	4,767	5,615
Total Cash and Cash Equivalents at 30 June	4,767	5,615

Refer to Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. Receivables

Receivables comprise:	2008 \$'000	2007 \$'000
Current:		
Rental Debtors	231	308
Less Allowance for Impairment (a)	(38)	(46)
Tenancy Liaison Service Agent Advances	121	118
Other Debtors	66	13
	380	393
Non Current:		
Prepaid Superannuation – Personnel Services	150	223
Total Receivables	530	616

(a) Allowance for Impairment

Allowance for Impairment – movement	2008 \$'000	2007 \$'000
Opening Allowance at 1 July	46	62
Less Debts Written Off – [Note 13]	(19)	(35)
New Allowance Transferred In/(Out)	11	19
Closing Allowance at 30 June	38	46

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16.

8. Land and buildings, office furniture and equipment, office refurbishment and motor vehicles

(a) Movement – \$'000	Land and Buildings	Office Furn. & Equipment	Office Refurbishment	Motor Vehicles	2008 Total \$'000	2007 Total \$'000
At Fair Value						
Carrying Amount at Beginning of Year	140,740	53	0	21	140,814	111,895
Additions	4,819	20	0	0	4,839	2,657
Disposals	(350)	0	0	(18)	(368)	(386)
Net Revaluation Increments/(Decrements)	(1,508)	0	0	0	(1,508)	29,135
Depreciation Expenses	(2,853)	(20)	0	(3)	(2,876)	(2,487)
Fair Value at End of Year	140,848	53	0	0	140,901	140,814
Gross Carrying Amount 30 June 2008						
	143,696	324	184	0	144,204	
Accumulated Depreciation	(2,848)	(271)	(184)	0	(3,303)	
Fair Value	140,848	53	0	0	140,901	
Gross Carrying Amount 30 June 2007						
	140,740	328	184	32	141,284	
Accumulated Depreciation	0	(275)	(184)	(11)	(470)	
Fair Value	140,740	53	0	21	140,814	

Land and buildings were last revalued by the Australian Valuation Office during 2006–07. Any revaluation increments/decrements in 2007–08 resulted from completions and transfers of land and buildings from work in progress during the year. Work in Progress included in the fair value was \$2.562m in 2007–08 and \$1.517m in 2006-07.

(b) Disposals \$'000	Land and Buildings	Motor Vehicles	2008 Total \$'000	2007 Total \$'000
Gross Proceeds	350	18	368	417
Written Down Value	(350)	(18)	(368)	(387)
Disposal Costs	(17)	0	(17)	(28)
Gain/(Loss) on Disposal	(17)	0	(17)	2

9. Payables

Payables comprise:	2008 \$'000	2007 \$'000
Prepayments by Rental Debtors	14	10
Other Creditors and Accruals	919	744
Department of Education and Training (a)	0	38
Total Payables	933	792

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 16.

(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	2008 \$'000	2007 \$'000
Opening Creditor/(Debtor) at 1 July	38	229
Plus Capital Grant Received	600	600
Less Capital Refurbishment Expenditure	(688)	(791)
Closing Creditor/(Debtor) at 30 June	(50)	38

(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	2008 \$'000	2007 \$'000
Rent Incentive Liability	74	104
Total Other Payables	74	104

10. 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	2007–08 \$'000	2006–07 \$'000
Payable within one year	220	212
Payable between two and five years	333	530
Payable after five years	0	0
Total Office Lease Commitments	553	742

(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 accounts as a liability is:

Property Maintenance Commitments	2007–08 \$'000	2006–07 \$'000
Payable within one year	1,597	850
Total Property Maintenance Commitments	1,597	850

(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	2007–08 \$'000	2006–07 \$'000
Payable within one year	876	2,013
Total Capital Commitments	876	2,013

11. Provisions

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

Personnel Services Liability – movement	2008	2007
	\$'000	\$'000
Balance at 1 July	811	734
Increase/(Decrease) in liability to DET	(279)	77
Personnel Services Liability at 30 June	532	811
Represented in the Balance Sheet		
Current Liability to DET	532	811
Personnel Services Liability at 30 June	532	811
Aggregate Personnel Services Liability – dissection	2008	2007
	\$'000	\$'000
Recreation Leave	134	160
Long Service Leave	398	651
Unfunded Superannuation	0	0
Aggregate Personnel Services Liability at 30 June	532	811

12. Debts written off

Debts Written Off Comprise:	2007-08	2006-07
	\$'000	\$'000
Uncollectable rental account debts [Note 7(a)]	19	35
Total Debts Written Off	19	35

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

13. Reconciliation of net cash flow from operating 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	2007-08 \$'000	2006-07 \$'000
Operating Surplus	829	1,587
Non Cash Expenses/(Revenues):		
Depreciation	2,876	2,488
Loss/(Gain) on Disposal of Non Current Assets	17	(2)
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Payables	61	(40)
Decrease/(Increase) in Receivables	136	(129)
Increase/(Decrease) in Provisions	(279)	77
Net Cash Flow from Operating Activities	3,640	3,981

14. Retained earnings

Retained Earnings – movement	2008 \$'000	2007 \$'000
Balance at 1 July	73,050	71,341
Changes in Equity – other than transactions with owners as owners	0	0
Operating Surplus for the Year	829	1,587
Transfer from Asset Revaluation Reserve [Note 15]	253	122
Balance at 30 June	74,132	73,050

15. Asset revaluation reserve

Asset Revaluation Reserve – movement	2008 \$'000	2007 \$'000
Balance at 1 July	72,288	43,275
Changes in Equity – other than transactions with owners as owners		
Net Increment (Decrement) on Revaluation [Note 8(a)]	(1,508)	29,135
Changes in Equity – transactions with owners as owners		
Transfer to Retained Earnings – Disposed Properties [Note 14]	(253)	(122)
Balance at 30 June	70,527	72,288

16. Financial instruments

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount	
			2008 \$'000	2007 \$'000
Class:				
Cash and cash equivalents	6	N/A	4,767	5,615
Receivables ⁽¹⁾	7	Loans and Receivables (at amortised cost)	380	393
Financial Liabilities	Note	Category	Carrying Amount	
			2008 \$'000	2007 \$'000
Class:				
Payables ⁽²⁾	9	Financial liabilities measured at amortised cost	754	664

Notes

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

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

(b) Credit Risk

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

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

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

16. Financial instruments continued

(b) Credit Risk continued

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at a commercial rate determined by the bank. The TCorp Hour Glass Cash facility is discussed in paragraph (d) below.

Receivables – trade debtors

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

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2008:\$335K; 2007: \$341K) and not less than 3 months past due (2008:\$7K; 2007:\$6K) are not considered impaired and together these represent 89% of the total trade debtors. The Authority debtors represent a large number of individual teachers whose particular credit rating will vary and are unknown to the Authority. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

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

2008 (\$'000)	Total	Past due but not impaired	Considered impaired
< 3 months overdue	7	7	–
3 months – 6 months overdue	38	0	38
> 6 months overdue	–	–	–
2007 (\$'000)			
< 3 months overdue	6	6	–
3 months – 6 months overdue	46	–	46
> 6 months overdue	–	–	–

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7. Therefore, the total will not reconcile to the receivables total recognised in the balance sheet.

(c) Liquidity Risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

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

	Weighted Average Effective Interest Rate	Nominal Amount ⁽¹⁾ (\$'000)	Interest Rate Exposure (\$'000)			Maturity Dates <1 yr
			Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	
2008						
Payables:	–	754	–	–	754	754
2007						
Payables:	–	664	–	–	754	754

Notes

1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the balance sheet.

(d) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk and other price risk. The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.

16. Financial instruments continued

(d) Market Risk continued

Interest rate risk

The Authority has a minimal exposure to interest rate risk from its holdings in interest bearing financial assets. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

	Carrying Amount	(\$'000)			
		-1%		+1%	
		Profit	Equity	Profit	Equity
2008					
Financial assets					
Cash and cash equivalents	4,767	(52)	(52)	52	52
Receivables	380	-	-	-	-
Financial liabilities					
Payables	754	-	-	-	-
2007					
Financial assets					
Cash and cash equivalents	5,615	(48)	(48)	48	48
Receivables	393	-	-	-	-
Financial liabilities					
Payables	664	-	-	-	-

Other price risk – TCorp Hour Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2008 \$'000	2007 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years (Pre-June 2008 up to 2 years)	4,720	5,573

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

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

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

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

	Impact on profit/loss		
	Change in unit price	2008 \$'000	2007 \$'000
Hour Glass Investment – Cash Facility	+/- 1%	+/- 47	+/-56

(e) Fair Value

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

The amortised cost of financial instruments recognised in the balance sheet approximates the fair value, because of the short-term nature of many of the financial instruments.

17. Contingent liability

The Authority is unaware of any significant contingent liabilities as at 30 June 2008 (nil in June 2007).

18. After Balance Date Events

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

[End of Audited Financial Statements]

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
Toll Free	1300 137 343
Facsimile	(02) 9261 4227

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

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Business Hours:

Monday to Friday 8.30 am – 4.30 pm

index

Achievements in 2007–08	3	Local Housing Representatives	9
Asset Disposal	13	Managing Agents	10
Board Meetings	8	Mission, Vision, Goals	2
Board Membership	6–7	Occupational Health and Safety	21
Business Plan/Statement of Business Intent	22	Organisation Structure	17
Capital Program	14	Overseas Travel	22
Chair's Report	5	Privacy Management	22
Challenges for 2008–09	4	Project Management	12
Charter	3	Refurbishment and Maintenance	12
Construction and Acquisition of Dwellings	12	Rents	9
Consultants	22	Risk Management	22
Employee Assistance Program	21	School Residences	13
Employee Salaries and Allowances	21	Sick Leave	21
Financial Management	14	Spokeswomen's Program	21
Financial Statements	28	Staffing	18
Freedom of Information	22	Staff Development and Training	21
Heritage Assets	12	Tenant Survey	10
Housing Demand	11	Vacancy Rate	11
Industrial Relations	21	Works In Progress	25
Information and Communication Technology	22		
Internal Audit	22		
Land Purchases	12		

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