



Family &
Community
Services



NSW Land and Housing Corporation Annual Report 2012-13

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Letter to the Minister

The Hon. Pru Goward MP

Minister for Family and Community Services
Minister for Women
Parliament House
Macquarie St
SYDNEY NSW 2000

Dear Minister

I am pleased to submit the NSW Land and Housing Corporation Annual Report for the year ended 30 June 2013.

The corporation is a statutory body listed under Schedule 2 of the *Public Finance and Audit Act 1983*.

This Annual Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Coutts-Trotter', with a stylized flourish at the end.

Michael Coutts-Trotter
Director-General

Deputy Director-General's message

This year NSW Land and Housing Corporation (LAHC) embarked on the development of a portfolio strategy – a new framework for managing the government's social housing assets. The portfolio strategy will guide asset decisions that are aligned to long term sales, redevelopment, maintenance and acquisition programs. The goal is to deliver the maximum number of suitable dwellings within an improved asset and capital investment framework. Importantly, the portfolio strategy provides a sound basis on which to respond to the Social Housing Policy being developed by Department of Family and Community Services (FACS).

LAHC continues to balance fiscal responsibility while maximising social housing output. LAHC's social housing portfolio of some 145,000 properties assists 279,500 people in the community who cannot meet their own housing needs. In 2012–13, LAHC invested \$116 million in infrastructure which realised the completion of 536 new dwellings and the commencement of another 361. Balancing fiscal responsibility with the social priorities of government remains a key objective.

In 2012–13, LAHC invested \$327 million in its maintenance and upgrading programs. Over 510,000 work orders were raised under the maintenance contract. Properties that no longer meet the needs of the portfolio are sold to support maintenance, upgrading and capital programs.

LAHC has also been focusing on setting the foundations for a consolidated approach to the management of the assets for social housing, with a new approach to the delivery of maintenance services. Trials of a new contract delivery model have commenced in the Greater Western Sydney and the Hunter regions. If successful, a market approach will be undertaken with the new maintenance delivery model for all of NSW and this is expected to commence in mid 2015.

2012–13 has been a year of consolidation and through the commitment and capability of its staff, LAHC has continued to address the challenges of the portfolio in meeting the social housing needs of the community.



Anne Skewes
Deputy Director-General
NSW Land and Housing Corporation

About NSW Land and Housing Corporation

Who we are

The NSW Land and Housing Corporation (LAHC) owns and manages land, buildings and other assets within the social housing¹ portfolio which comprises some 145,000 dwellings valued at approximately \$34 billion.

A statutory body, LAHC is under the portfolio and direction of the Minister for Family and Community Services, following the recent administrative order² that transferred the management of LAHC to the Director-General of the Department of Family and Community Services (FACS). Prior to 2 August 2013, LAHC was under the portfolio and direction of the Minister for Finance and Services. This report, for financial year ended 30 June 2013, therefore aligns with Department of Finance and Services (DFS) reporting framework.

LAHC is a Public Trading Enterprise (PTE) and was established in 2001 under the *Housing Act 2001* to complement Housing NSW and achieve unified administration of the Act.

Our objectives

LAHC is responsible for owning and managing NSW Government social housing assets with the goal of providing more houses for people in need. To do this, LAHC:

- advises the government on how best to utilise its land and housing assets for the delivery of agreed social housing outcomes
- manages and develops land and housing assets through
 - maintaining and upgrading existing properties
 - acquiring, planning and developing land and properties
 - renewing housing estates and
 - disposing of land and properties
- procuring effective tenancy management services
- working with other government agencies to influence policy and implement initiatives related to LAHC's purpose and goal.

1. Social housing refers to the properties owned by LAHC for the provision of public and community housing.

2. The change was effected through the *Public Sector Employment and Management (Housing) Order 2013*, effective from 2 August 2013.

Our clients and other stakeholders

LAHC's clients are the people who live in social housing, with a growing number having complex needs, such as older people, people with a disability and people with mental health issues.

LAHC recognises that, in planning and managing social housing, it must work cooperatively in conjunction with other government agencies and community organisations, including local councils, community housing providers, building and maintenance contractors and local communities.

Highlights of the year

- Provided housing for 279,500 people in social housing.
- Delivered 536 new homes under the capital program for social housing in NSW.
- Delivered 75 new dwellings and upgraded 498 homes for the Aboriginal Housing Office (AHO).
- Completed the Gunnedah Aboriginal Child and Family Centre, the first of eight Aboriginal Child and Family Centres across NSW to be delivered as part of the Federal and State Government's "Early Childhood Development National Partnership Agreement".
- Completed the Bourke Women's Safe House, the second safe house (after Wilcannia) to be constructed under the Orana Far West Safe House Project and the National Partnership Agreement Remote Indigenous Housing (NPARIH) program.
- Completed a \$3.8 million social housing project at 12–18 Arilla Avenue, Riverwood.
- Acquired 55 properties for the construction of new group homes and designed 92 projects for people with disabilities for FACS.
- Removed over 300 problem trees under the Vegetation Management programs in Glebe and Woolloomooloo to extend the life of properties and improve the safety of LAHC tenants.
- Implemented Environmental Sustainability Strategy to improve the energy and water efficiency of new and existing homes, and assisted social housing residents to participate in sustainability initiatives. Low energy lights, draught proofing, solar photovoltaic systems and rainwater tanks are some of the environmentally friendly features installed in LAHC housing portfolio.
- Upgraded approximately 29,000 dwellings under the digital TV antenna program.

- Completed over 40,000 Property Asset Surveys to assist LAHC in assessing its portfolio against asset standards and ensuring maintenance interventions are aligned with the portfolio strategy.
- Continued renewal development works on major estates such as Minto, Bonnyrigg and Riverwood.
- Secured development application approval for the Cowper Street Glebe redevelopment project, one of the projects delivered in partnership with the community housing provider under the Housing Affordability Fund (HAF) initiative.
- Developed Working Together Protocols with Housing NSW to achieve the NSW Government objective of delivering core asset related business services and housing and homelessness assistance.
- Developed a framework to support the portfolio strategy to guide LAHC in managing the NSW Government's housing assets more effectively and ensuring that the asset base meets changing housing needs.

Our performance

The table below shows LAHC actual performance against 2012–13 targets.

Key performance indicator	Target	Actual
Deliver the capital program of works	773	536 ¹
Deliver National Partnership Agreement Remote Indigenous Housing (NPARIH), on behalf of the AHO	35 dwellings	35 dwellings
Maintenance delivered under the above partnership	\$21 million	\$21 million
% of responsive repairs completed by the target date and time	>85%	88.6%
Gross sales	\$172 million	\$176 million
Preparation for digital TV aerial installations	30,500 dwellings	28,835 dwellings
% of maintenance calls answered in 3 minutes	65%	73.1%
Safety audits conducted on construction sites	90% per annum	90.5% per annum
No. of sick days taken per employee	7 days	8.3 days

1. Reduction in unit completions is attributable to planning approval delays and contractor insolvency issues.

Comparative performance

The following table shows statistical summary of social housing over two years.

Customers – number of tenancies	2011–12	2012–13
Public housing	111,622	110,059
Community housing	25,844	25,973
Total tenancies	137,466	136,032
Number of new tenancies		
Public housing	6,434	6,068
Community housing	2,755 ¹	2,216
Approved applicants on the register	55,479	57,451
Assets – properties under management		
Public housing	119,184	117,798
Community housing	25,894	25,954
Crisis accommodation	1,498	1,496
Total homes under management	146,576	145,248
Number of public and community housing properties completed in the year	1,614	536
People assisted in social housing ²		
Public housing	227,100	225,200
Community housing	53,500 ¹	54,300
Total	280,600	279,500
Finances		
Net rental income and tenancy charges (\$M)	727	768
Government grants (\$M)	206	145
Maintenance and upgrading expenditure (\$M)	369	327
Property asset value (\$M)	32,057	34,088

1. Comparative numbers have been amended to reflect different counting methodology and data source to ensure alignment with 2012–13 numbers.
2. People assisted under the previous Crisis Accommodation program are counted in those receiving assistance from Specialist Homelessness Services – a service provided by Housing NSW.
3. Upgrading impacted by timing changes.

Financial Summary

Revenue	Actual 2011–12 \$'000	Actual 2012–13 \$'000	Budget 2013–14 \$'000
Net rent and other tenant charges	727,059	767,726	779,978
Government grants	205,719	144,699	146,760
Interest received	7,843	6,328	3,000
Other revenue	61,841	81,848	17,290
Total revenue	1,002,462	1,000,601	947,028
Expenses			
Repairs and maintenance	221,158	202,722	218,708
Council and water rates	201,115	210,333	221,272
Personnel services expenses	51,335	52,767	54,804
Depreciation and amortisation	296,347	321,506	325,513
Grants and subsidies	33,959	42,140	480,375
Other expenses	300,002	321,156	315,148
Total expenses excluding losses	1,103,916	1,150,624	1,615,820
Loss on disposal	54,671	45,222	29,731
(Deficit)/surplus for the year	(156,125)	(195,245)	(698,523)
Cash balance	29,875	162,905	55,888

The major sources of funds for LAHC are rental income and government grants received mainly from FACS. The FACS grants are applied to programs such as head leasing, repairs and maintenance and capital works.

Cash balances of LAHC are required to support working capital requirements.

The significant movements of 2012–13 financial result are explained below.

- Decrease in government grants received
This mainly reflects the one-off non-recurring \$45 million Home Purchase Assistance Fund grant received in 2012.
- Increase in other revenue
The increase represents GST input tax credits which have been claimed in relation to certain categories of costs incurred by LAHC which were identified as a result of a review undertaken post the implementation of the Administrative Order in 2011.
- Increase in other expenses
Other expenses is largely comprised of fees incurred for professional GST advice, management services for projects, as well as rent on head-leased private residential properties to supplement housing stock and meet social housing demand.
- Increase in cash balance
The increase was primarily accumulated in the second half of the financial year from asset sales, higher accrued expenditure and Housing Affordability grants.

The outlook for 2013–14

In the coming year, LAHC will continue to develop an asset management strategy to maximise efficiency in providing more houses for people in need. Guided by the 2013–14 business plan, LAHC has established the following priorities to meet this objective:

- build a financially sustainable business with clear investment priorities and an effective housing portfolio strategy
- develop a new maintenance delivery system
- build a more engaged and productive workforce
- focus on safety in all areas of LAHC work
- strengthen LAHC business processes and work practices to improve efficiency and effectiveness
- align with the new social housing policy
- work with partners and stakeholders to influence and deliver whole of government and whole of cluster initiatives.

Prior to this annual report being published, an administrative restructure transferred DFS staff, who provide personnel services to LAHC, from DFS to FACS¹. The restructure, in effect, transferred LAHC to the FACS cluster. Remaining as a separate entity within FACS, the restructure will facilitate better coordination of the asset management function provided by LAHC and tenancy management services, a function retained by Housing NSW. It will also provide better opportunities for the NSW Government to deliver the most effective housing and assistance outcome to people in need.

¹ The change was effected through the *Public Sector Employment and Management (Housing) Order 2013*, effective from 2 August 2013.

What we do

LAHC's role is essentially threefold: planning and building housing that is fit for purpose; managing the housing portfolio to maintain properties at an acceptable level and prolong their useful life; and funding and managing tenancy management services delivered by Housing NSW.

Planning and building housing that is fit for purpose

Providing appropriate and sustainable housing means that the social housing system will be well positioned to meet future demand. LAHC builds new social housing and plans new projects either on its own or with private partners selected for their capability and experience. LAHC delivered 536 new homes this year under the capital program. The majority of these properties comprised of one and two bedroom homes.

Capital works expenditure (\$)	Community housing \$'000	Public housing \$'000	2012-13 Total \$'000
Acquisition	669	6,888	7,557
Acquisition – Land	0	1,445	1,445
Redevelopment	13,353	71,880	85,233
Construction	2	19,561	19,563
Conversion	0	2,359	2,359
Total	14,024	102,133	116,157

	Community housing	Public housing	2012-13 Total
Units commencements	177	184	361
Units completions	82	454	536
Land acquired ¹	10	8	18

¹ Land acquired for community housing includes sites provided by Ropes Crossing's developer at no cost. Land acquired for public housing includes sites purchased under Private Treaty for future development.

Dwelling head leased (units)	Community housing	Public housing	2012-13 Total
Net movement	-103	-145	-256
Total dwellings leased	5,898	2,905	8,803

Changes in public housing head leasing are as a result of tenancy requirements.

One example of the projects delivered under the capital program is LAHC's joint venture with TAFE NSW. By building four fully modified public housing dwellings for people with severe disabilities, TAFE trainees gain direct industry experience. The program enables students to take part in the construction of new public housing, by building cottages specifically designed for tenants identified with severe disabilities. Supervised by qualified TAFE NSW staff, these properties will be completed in late 2013.

Affordable Housing

The Housing Affordability Fund (HAF) is an Australian Government program that helps reduce the cost of new homes for homebuyers. HAF grants are provided to state and local government in conjunction with the private sector, to reduce housing-related infrastructure and planning costs and to pass savings onto eligible low-to-moderate income home buyers.

Increasing the supply of affordable housing and offering former public housing properties for sale to the market will support public housing estate de-concentration and establish more diverse communities. During the year, LAHC has secured over \$18 million in Federal government funding under HAF initiative. This funding enabled the continued progress of the South Randwick, Bolton Point, Villawood, Chester Hill, Claymore and Glebe projects.

Renewal

Tenure diversification is part of a number of strategies to reduce the level of disadvantage that can occur in public housing estates. Through public private partnerships, LAHC is capturing the benefit of private sector financing to deliver new assets and create communities with 70 percent private and 30 percent social housing.

In 2012-13, LAHC continued development works required to deliver urban renewal projects in Minto and Bonnyrigg estates. Significant progress was made to renew the Airds Bradbury and Riverwood estates. A variety of activities were held in these estates to facilitate community engagement and participation throughout the development process. These activities were managed by community leaders, locally-based non government organisations and a dedicated community renewal team.

Achievements in 2012–13

Committed to support the NSW Government's agenda, LAHC delivered the following projects in partnership with other government agencies and community housing providers.

- **Bourke Women's Safe House in Western Sydney**
Officially opened in February this year, the Bourke Women's Safe House is the second safe house (after Wilcannia) constructed for the Aboriginal Housing Office (AHO) under the Orana Far West Safe House Project and the National Partnership Agreement Remote Indigenous Housing (NPARIH) program. Providing temporary accommodation for Aboriginal women and children who are affected by domestic and family violence, the safe house was constructed following extensive community consultation in which issues of privacy and family healing space were considered. The safe house features communal cooking facilities, a children's playground and integrated surveillance to ensure security. The Bourke Women's Safe House achieved an average of 30 percent Aboriginal employment during construction, exceeding a target of 20 percent.
- **Social housing at Riverwood**
Located at 12–18 Arilla Avenue, the \$3.8 million social housing project replaced four old single storey cottages with a new two storey building, comprising 8 one-bedroom and 12 two-bedroom units to accommodate up to 20 families. It has a number of environmentally friendly features and provides access to people who have limited mobility. Completed well in advance of the contracted completion date, the units were handed over to Bridge Housing Limited, a community housing provider, to manage on behalf of LAHC.
- **New affordable housing at Camperdown**
The major social housing redevelopment at 163–185 Parramatta Road, Camperdown replaced 12 old terrace houses that no longer suited the needs of social housing tenants with 27 modern one-bedroom residential units. Built with innovative urban design, the new homes are environmentally friendly and adaptable for people with limited mobility. Completed in August 2012, the new properties are now managed by Bridge Housing Limited, a community housing provider.

Maintain properties at an acceptable level and prolong their useful life

One of LAHC's core activities is to improve the quality and standard of its existing portfolio through maintenance and upgrades to ensure that the properties meet the appropriate standard and become a viable and diversified form of housing choice. In 2012–13, the compliance for responsive maintenance was 88.6 percent, exceeding the benchmark target of 85 percent. Approximately 108,000 dwellings were maintained at a cost of \$203 million. LAHC also spent \$124 million on modifying and upgrading more than 16,000 homes, including those required to support older people and people with mobility related disabilities.

Ensuring that tenants play an active and productive part in their community is also a priority for LAHC. To help achieve this, LAHC implemented a Rapid Graffiti Removal program in the Western Sydney region. The program requires LAHC providers to employ and train 60 social housing residents per year in maintenance skills programs as a basis for building the skills and experience necessary to seek more permanent employment.

Asset Management Programs

Re-alignment of responsive maintenance to industry practice has directed emphasis towards planned maintenance and capital improvement of properties. This strategic shift from reactive maintenance to a more planned and scheduled approach is delivering better value for money and better outcomes for clients.

The Building and Engineering Services (BES) program ensures that services such as lifts, fire safety doors, signage and emergency evacuation, and back-to-base security in high rise buildings, are maintained to appropriate standards.

An annual Smoke Alarm Servicing program prioritises the safety of LAHC tenants by inspecting, as required, all smoke detectors in its portfolio. In one year, LAHC inspected approximately 93 percent or 85,740 of all smoke detectors due for inspection. The balance of 7% of properties not inspected was mainly due to lack of accessibility. These inspections were addressed outside of the reporting period.

Quality management has focused on implementing its audit of non-compliant payment claims. This resulted in recovery of approximately \$1.4 million.

Strategic Maintenance Review (SMR)

A strategic review of maintenance is underway to improve the current maintenance delivery system on LAHC housing properties.

The overarching purpose of the review is to better manage the maintenance of LAHC housing assets and service to tenants through the implementation of a new maintenance contract. In addition to cost reduction, the new maintenance contract will deliver quality improvement and a more direct client engagement.

Going live in 2015, the new contract aims to meet the specific objectives of achieving greater efficiencies and effectiveness in the administration and delivery of maintenance services for LAHC.

The review will change some fundamental aspects of the contract in terms of commercial principles, pricing strategy, risk transfer, incentivisation, performance management framework and administration.

As part of the planned 'de-risking' of the transition to the new maintenance contract, a pilot program was launched to test, validate and allow modifications to the new contract and management procedures before tenders are called. Commenced in June 2013, the pilot includes training of contractor and LAHC staff and will incorporate an independent evaluation of its performance.

2013–14 will be a challenging year for LAHC as the Expression of Interest phase is expected to be completed in August, with the request for tender to follow in early 2014.

Funding and managing tenancy management services provided by Housing NSW

During the year, LAHC engaged Housing NSW under a fee for service arrangement to provide tenancy management services under an agreed policy framework.

People and organisation

Organisational reforms

LAHC has delivered key organisational reforms during 2012–13 financial year.

Portfolio Strategy

LAHC is developing a Portfolio Strategy to guide future investment decisions for its property portfolio. Over the coming year LAHC will focus on assessing its entire portfolio with this framework and developing a position on the optimal mix of strategies, policies and programs to improve the portfolio in the context of its social objectives and funding constraints.

Vacancy Management

LAHC undertook a review of the Vacancy (VOID) Management life-cycle process to identify improvements that will significantly reduce the average time taken in managing VOID between tenancies. The primary objective is to reduce the 'down-time' related to VOIDS to improve service to housing clients and significantly reduce the current loss of income resulting from the current turnaround of vacant houses and re-allocation to tenants.

Sustainable business practices

By implementing sustainable business practices, LAHC is able to provide more efficient and effective services to people in housing need. Sustainable business means not only introducing cost saving measures, but also focusing on how LAHC conducts its day-to-day operations. LAHC will continue to achieve efficiencies in areas such as staff training, streamlining business processes and shared corporate services.

One of the key initiatives implemented by LAHC during the year to improve its efficiency was LAHC intranet. Built as a secure and principal business tool, the intranet has enabled its staff to collaborate, report, store and share knowledge. The intranet, which is constantly evolving and improving, is now available to all staff and analysis shows that engagement has been steadily increasing.

LAHC is also implementing a range of environmental programs designed to make its properties more energy efficient to reduce household expenditure for its tenants.

Equity and diversity

People with a disability

As staff providing personnel services to LAHC were employees of DFS prior to the 2 August 2013 administrative restructure, LAHC has adopted the DFS Disability Action Plan to respond to the needs of people with a disability for the financial year ended 30 June 2013. The Disability Action Plan continued to assist staff and customers with a disability in the key areas of access, information about services, employment and learning and development opportunities.

With DFS, LAHC was working towards achieving a target of 1.5 percent of people requiring work related adjustment.

Following the transfer to FACS effective from 2 August 2013, LAHC will align its disability action plan and new target to FACS for the coming year.

Multicultural Policies and Services Program Plan

As staff providing personnel services to LAHC were employees of DFS prior to the 2 August 2013 administrative restructure, LAHC has adopted the DFS Multicultural Policies and Services Program Plan for the financial year ended 30 June 2013. The Multicultural Policies and Services Program Plan 2010–2014 ensured that DFS delivered services to clients and staff from culturally and linguistically diverse (CALD) backgrounds and was compliant with the NSW Government's Multicultural Planning Framework.

Following the transfer to FACS effective from 2 August 2013, LAHC will align its multicultural policies and services program plan to FACS in the next reporting year.

Employment relations policies and practices

With the exception of flexible working hours agreement, LAHC has adopted the DFS employment relations policies and practices for the financial year ended 30 June 2013.

Details of employment statistics appear in this report in Appendix 7.

LAHC participates in a HR Policy Working Group to progress Personnel Policy Harmonisation across DFS as well as representation on the Disability Action Plan Working Group.

LAHC also participates in DFS Consultative Forum which meets bi-monthly. The forum provides a valuable opportunity for the Public Service Association and management representatives to raise issues and achieve proactive and mutually beneficial resolutions.

Workplace health safety and injury management

LAHC is committed to continually improving health, safety and wellbeing standards and minimise the risk of injury to staff, clients and visitors.

Key improvements implemented during the year include:

- the appointment of a Work Health and Safety (WHS) Manager in October 2012
- the establishment of WHS Committee to ensure that LAHC has an appropriate, practical and effective channel of communication on WHS matters. The committee meets on a monthly basis
- the review of gap analysis conducted to address any variances between LAHC safety management procedures and the legislative requirements
- the development of a WHS Management System.

The proposed strategies for 2013–14 will focus on:

- the implementation of the WHS Management System
- the development of safe work methods for identified high hazard activities
- the improvement of return to work processes to reduce the overall cost of claims.

A total of 54 incidents were reported in 2012–13, compared to 34 incidents in 2011–12. Threats or verbal assaults were the major incident type, which resulted in 20 percent of reported incidents.

Statistics on work health and safety for 2009–10 to 2012–13 appear below.

Workers' compensation claims

	2009–10	2010–11	2011–12 ¹	2012–13 ¹
Total number of claims	133	91	12	16
Total number of claims finalised	124	59	6	11
Net claims cost (as at 30 June)	\$396,618	\$481,724	\$29,548	\$99,821

Nature of injuries

Nature of injuries	2009–10		2010–11		2011–12 ¹		2012–13 ¹	
	No.	Cost	No.	Cost	No.	Cost	No.	Cost
Sprains/strains	67	\$375,521	32	\$80,166	5	\$20,021	6	\$33,357
Psychological	26	\$211,750	25	\$262,700	1	\$0	0	0
Laceration	16	\$45,350	18	\$60,077	4	\$16,256	2	\$25,148
Fractures	5	\$57,900	2	\$36,105	1	\$8,721	0	0
Other	19	\$43,855	14	\$48,220	1	\$7,536	8	\$41,316
Total	133	\$734,376	91	\$487,268	12	\$52,534	16	\$99,821

Cause of injuries

Cause of injuries	2009–10		2010–11		2011–12 ¹		2012–13 ¹	
	No.	Cost	No.	Cost	No.	Cost	No.	Cost
Transport	31	\$68,915	12	\$8,821	1	\$1,898	4	\$10,879
Environment	39	\$352,258	24	\$129,726	4	\$23,925	9	\$62,431
Animal	1	\$4,007	5	\$30,241	2	\$4,156	2	\$25,793
Non-physical	27	\$212,874	28	\$266,003	0	\$0	0	0
Other	35	\$96,322	22	\$52,477	5	\$22,555	1	\$718
Total	133	\$734,376	91	\$487,268	12	\$52,534	16	\$99,821

Injury management

	2009–10	2010–11	2011–12 ¹	2012–13 ¹
Days compensated	1826.65	1498.17	105	188
Average days lost	13.73	17.42	8.75	12

1. The figures reported in this column reflect staff number reductions for LAHC, as a result of the 2011 administrative restructure when functions previously undertaken by LAHC were split between LAHC and Housing NSW.

Corporate governance

Management and structure

NSW Land and Housing Corporation Executive Team

The executive team reviews, approves and monitors strategies, policies and performance. It assesses major risks to the business and ensures that LAHC has policies and procedures to satisfy all legal and ethical responsibilities. The team meets on a fortnightly basis and comprises the following members:

- Anne Skewes, Deputy Director-General
- Kathy Roil, General Manager Strategy
- George Carvin, General Manager Assets
- Michael Kuenzle, General Manager Finance
- Wayne Carter, General Manager Projects
- Mark Shepherd, General Manager Renewal
- Chris Balomatis, Principal Solicitor
- Paula McQuillan, Executive Officer.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is a non-executive independent body directly responsible to the Director-General. It comprises the following members:

- Ms Carol Holley, Independent Chair
- Mr Alan Zammit, Independent Member
- Ms Ero Coroneos, Independent Member.

The ARC's responsibilities are to oversee and monitor LAHC's:

- risk management processes, including its risk framework, risk governance for major projects, fraud control plans and business continuity and disaster recovery plans
- control framework, including relevant internal policies and procedures, delegations and ethical behaviour
- external accountability, including reviewing financial statements and sign-offs, ensuring consistency between LAHC annual report and its signed financial statements and satisfying itself that LAHC performance management framework is linked to its objectives and outcomes
- compliance with applicable laws and regulations
- internal audit, including reviewing and endorsing the internal audit plan, reviewing internal audit findings and providing advice on significant items raised, and monitoring LAHC's implementation of audit recommendations

- external audit, including providing input and feedback on financial and performance audits and monitoring LAHC's implementation of audit recommendations.

The ARC met 6 times during the 2012–13 financial year – in July, September and December of 2012 and February, April and May of 2013.

Asset Portfolio and Programs Committee (APPC)

The Asset Portfolio and Programs Committee (APPC) provides a forum for joint consideration of strategic policy issues and programs which have an impact on delivery of the government's priorities for social housing.

The committee is established to:

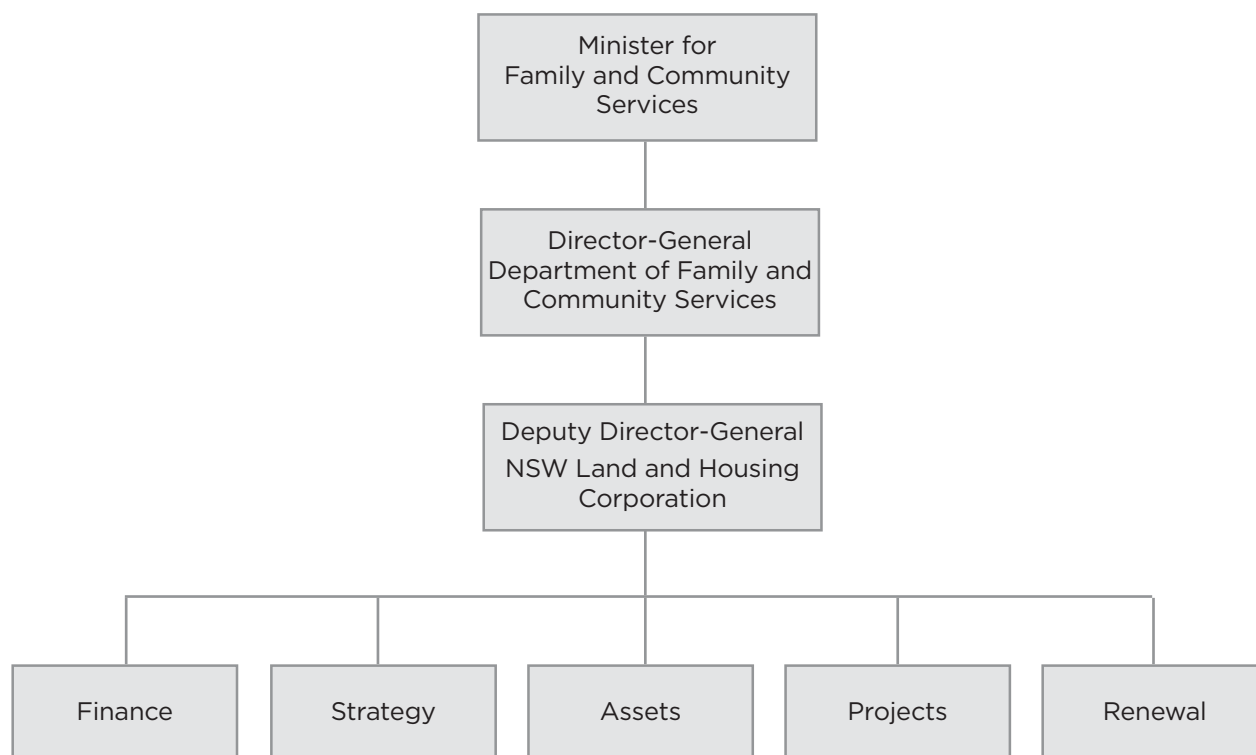
- consider the basis for and impacts of allocation of funding within the social housing system
- consider and input into the NSW position on national policy directions and reforms
- review and consider the impact of portfolio management, programs and projects on social housing objectives
- review and consider the impact of housing policy settings and the financial viability of the social housing portfolio
- review and consider other matters as agreed.

The APPC met at regular interval during 2012–13 financial year and comprised the following members:

- Ken Kanofski, Executive Director, LAHC
- Kathy Roil, General Manager Strategy, LAHC
- Mark Shepherd, General Manager Renewal, LAHC
- Linda Blinkhorn, Director Portfolio Strategy, LAHC
- Mike Allen, Chief Executive, Office of the Chief Executive, Housing NSW
- Paul Vevers, Executive Director, Housing Services, Housing NSW
- Marion Bennett, Executive Director, Housing Policy and Homelessness Directorate, Housing NSW
- Leonie King, Executive Director, Community and Private Market Housing, Executive Unit, Housing NSW
- Mark Nutting, Principal Housing Analyst Housing System Reform, Policy and Strategy, Housing NSW.

Current Organisation Chart¹

(post administrative order effective from 2 August 2013)



¹ As at 30 June 2013, LAHC was under the portfolio of DFS, which fell under the Minister for Finance and Services.

NSW Land and Housing Corporation senior officers and key accountabilities as at 30 June 2013

Anne Skewes **BBSoc, GradDipAppSoc Psych, MA**

Deputy Director-General, NSW Land and Housing Corporation, Department of Family and Community Services (from August 2013 – present)

Deputy Director-General, Housing and Property, Department of Finance and Services (from 27 May 2013 – August 2013)

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The Deputy Director-General has the following functional responsibilities:

- directing management of LAHC property assets to optimise the social and economic returns on investment
- leading the development of the strategic asset framework, plans and budgets to establish priorities for optimising use of property assets, resource allocation and performance
- identifying and pursuing opportunities for strategic and major projects to realise portfolio alignment and development objectives
- establishing a portfolio asset performance monitoring framework.

Ken Kanofski **MBA, BBusiness, CPA, Member of the Australian Institute of Company Directors**

Executive Director, NSW Land and Housing Corporation (from 1 July 2012 – 28 June 2013)

SES 6

The Executive Director had the following functional responsibilities:

- directing management of LAHC property assets to optimise the social and economic returns on investment
- leading the development of the strategic asset framework, plans and budgets to establish priorities for optimising use of property assets, resource allocation and performance
- identifying and pursuing opportunities for strategic and major projects to realise portfolio alignment and development objectives
- establishing a portfolio asset performance monitoring framework.

Michael Kuenzle **BBusiness, FCPA**

General Manager Finance

SES 4

The General Manager Finance has the following functional responsibilities:

- business performance and reporting, including performance analysis and reporting against the business plan, management accounting, executive reporting and budgeting and forecasting
- development of financial modelling frameworks
- development of financial and taxation policies and procedures in compliance with government and legislative requirements
- working capital management, including cash flow forecasting, investment and debt management
- financial accounting and reporting, including monthly financials and year end statutory reporting

Kathy Roil

General Manager Strategy

SES 4

The General Manager Strategy has the following functional responsibilities:

- portfolio strategy and performance and developing funding arrangements with Housing NSW
- ongoing evaluation and analysis of the portfolio, including financial and economic evaluation
- strategic relationships with FACS, including managing strategic decision-making regarding Housing NSW agreement
- business management support, including business planning leadership for LAHC
- development and management of LAHC risk management framework and strategy, including work health and safety
- development of a quality and procurement management framework.

George Carvin MBA

General Manager Assets

SES 4

The General Manager Assets has the following functional responsibilities:

- residential and commercial portfolio management
- management of the annual capital and maintenance programs
- all assets programs, including alignment of programs to portfolio strategy objectives
- procurement and management of the maintenance contract
- delivery of maintenance services
- operational relationships with Housing NSW to deliver tenancy services.

Wayne Carter BEngineering (Civil)

General Manager Projects

SES 4

The General Manager Projects has the following functional responsibilities:

- providing specialised project and technical services for housing and accommodation projects
- delivering design, construction and technical services for LAHC and other clients
- managing service delivery of new housing supply, asset upgrades and sales
- providing capital procurement services for LAHC including management of tenders, contract negotiations, supplier reviews and panel management.

Mark Shepherd MBA, BEngineering (Civil)

General Manager Renewal

Contractor

The General Manager Renewal has the following functional responsibilities:

- planning, developing and delivering large scale and complex projects which transform communities
- working with other parts of government to bring an urban renewal focus to projects
- undertaking complex, large scale procurement, including public private partnerships and projects with alternative sources of funding
- investigation of opportunities aligned with the portfolio strategy, including program and project analysis and business case development
- contract management of approved projects.

Risk management and insurance

Corporate risk management

LAHC manages risks and categorises them into the following risk groups:

- strategic risks – wide reaching risks that affect LAHC's ability to provide quality social housing services, are managed by the Executive Committee
- operational risks – risks that affect a division's ability to successfully complete their annual business plan initiatives and/or day-to-day operational activities, are managed at divisional level
- project risks – risks to the successful completion of the projects objectives, are managed by project managers.

For the 2012–13 financial year, LAHC operated a risk framework which monitored the key strategic and operational risks to the 2012–13 business plan and the development and implementation of the associated treatments. This framework was overseen by the Audit and Risk Committee (ARC) with quarterly updates provided by the Director, Risk.

Project risks were managed at the divisional level with the divisional General Managers having oversight of their relevant project risks in their own areas. The ARC also received briefings on major projects including summaries of key risks and controls.

Insurance activities

The 2012–13 insurance program was sourced through the private underwriting market and provided appropriate coverage for LAHC's insurable risk.

The major insurance classes purchased were:

- property (Industrial Special Risk) – \$5 million deductible
- public liability – \$250,000 deductible
- contract works (material damage) – \$10,000 deductible
- contract works (liability) – \$50,000 deductible.

LAHC also held insurances for asbestos abatement, events liability, motor vehicle, travel, voluntary workers and professional indemnity in 2012–13.

The insurance program was put to tender in April 2013 for the 2013–14 renewal. This tender process also included a review of the program structure and deductible levels, both of which were deemed appropriate based on LAHC nature of activities and risk appetite.

The total premium (including fees, levies and GST) was \$5,234,545, which is 9.9 percent lower than previous year's. The saving was driven by:

- a 69 percent reduction in the number of fleet vehicles resulting in a premium reduction of approximately \$198,000
- a reduction of 24 percent in the public liability premium of approximately \$180,000
- a 19 percent reduction in the projected contract works activity resulting in a premium reduction of approximately \$130,000.

Workers compensation insurance continued to be sourced through SiCorp for DFS employees who provide personnel services to LAHC.

Internal Audit and Risk Management Attestation

(on following pages 21 and 22)

Ref: HOG13/68934

Internal Audit and Risk Management Statement for the 2012-2013 Financial Year for the New South Wales Land and Housing Corporation.

I, Michael Coutts-Trotter, Director-General of the Department of Family and Community Services and on behalf of the NSW Land and Housing Corporation (LAHC) am of the opinion that the LAHC has internal audit and risk management processes in operation that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

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

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
<ul style="list-style-type: none"> Core Requirement 1: The Chief Audit Executive should be appointed from within the agency by the Department Head. 	<ul style="list-style-type: none"> In 2012-13, the NSW Land and Housing Corporation shares a Chief Audit Executive with Department of Finance and Services. At the time of attestation, formal approval of this arrangement was pending.
<ul style="list-style-type: none"> Core Requirement 2: An Audit & Risk Committee has been established. 	<ul style="list-style-type: none"> Full compliance with TPP09-05 would put an unreasonable administrative and cost burden on the entity. A review of the Department of Finance & Services cluster arrangements for Audit & Risk Committees was conducted to ensure that smaller related entities were relieved of the cost burdens of supporting their own Audit & Risk Committees and to provide an equivalent coverage of their obligations under TPP09-05 through the sharing of the Department's resources. Consequently, the NSW Land and Housing Corporation and Teacher Housing Authority is clustered to form the Land and Housing Corporation and Teacher Housing Authority Audit & Risk Committee. The Audit & Risk Committee is compliant to Core Requirements. Ministerial exception for LAHC to cluster with other entities was pending on 30 June 2013 and approved on 15 July 2013.

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

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

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

- Teacher Housing Authority

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

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



Michael Coutts-Trotter
Director-General
Department of Family and Community Services

Date: 29 August 2013

Accessing NSW Land and Housing Corporation information

Government Information (Public Access) Act 2009

For the financial year ended 30 June 2013, LAHC adopted the DFS Government Information (Public Access) Act policy and procedures. Statistical information relating to the above Act is disclosed in Appendix 9 of this report.

Following the administrative restructure that has transferred LAHC under the portfolio of FACS, effective from 2 August 2013, LAHC will adopt FACS policy on Government Information (Public Access) Act. Further information is available on FACS website, www.facs.nsw.gov.au.

Privacy and Personal Information Protection Act 1998

The *Privacy and Personal Information Protection Act 1998* (the 'Act') requires all government departments to comply with the information protection principles.

During the financial year ended 30 June 2013, LAHC adopted the DFS Privacy Management Plan, which has implemented these principles.

A contravention of an information protection principle is conduct to which review and appeal mechanisms apply under the Act.

LAHC conducted one internal review pursuant to the legislation during the year and one pending appeal in the Administrative Decisions Tribunal.

Following the administrative restructure that has transferred LAHC under the portfolio of FACS, effective from 2 August 2013, LAHC will align its privacy management practices to FACS.

Financial statements

New South Wales Land and Housing Corporation (LAHC) is a reporting entity under the Australian Accounting Standards, and includes all operating activities under its control.

LAHC is a not-for-profit entity. Its principal objective is to manage the State's housing portfolio on behalf of the New South Wales Government.

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INDEPENDENT AUDITOR'S REPORT

NSW Land and Housing Corporation

To Members of the New South Wales Parliament

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

In my opinion the financial statements:

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

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

The Director-General's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation of the financial statements that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, as well as evaluating the overall presentation of the financial statements.

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

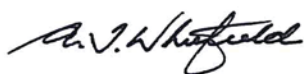
My opinion does *not* provide assurance:

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

Independence

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

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



A T Whitfield

Deputy Auditor-General

19 September 2013

SYDNEY

NSW LAND AND HOUSING CORPORATION

STATEMENT BY THE DIRECTOR GENERAL

For and on behalf of the NSW LAND AND HOUSING CORPORATION

Pursuant to section 41C subsection (1B) and (1C) of the *Public Finance and Audit Act 1983*, I, Michael Coutts-Trotter, Director General, state that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the NSW Land and Housing Corporation as at 30 June 2013 and its financial performance for the year ended.
2. The statements have been prepared in accordance with the Australian Accounting Standards and Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

I am not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate as at 16 September 2013.



Michael Coutts-Trotter
Director General
For and on behalf of the NSW Land and Housing Corporation
16 September 2013

NSW LAND AND HOUSING CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
Revenue			
Rent and other tenant charges	4	767 726	727 059
Government grants	5	144 699	205 719
Investment income	6	6 328	7 843
Management fee income	7	16 691	11 679
Other income	8	65 157	50 162
Total Revenue		1 000 601	1 002 462
Expenses			
Repairs and maintenance	9	202 722	221 158
Council rates		112 832	108 029
Water rates		97 501	93 086
Tenancy management		114 513	111 720
Personnel services	10	52 767	51 335
Depreciation and amortisation	12	321 506	296 347
Grants and subsidies	13	42 140	33 959
Finance costs	14	72 355	75 928
Impairment of receivables	18 (ii)	7 294	3 531
Other expenses	11	126 994	108 823
Total Expenses excluding losses		1 150 624	1 103 916
Loss on disposals	15	45 222	54 671
DEFICIT FOR THE YEAR		(195 245)	(156 125)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Net increase in property, plant and equipment asset revaluation reserve		2 031 672	1 161 242
Other comprehensive income for the year		2 031 672	1 161 242
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 836 427	1 005 117

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	16	162 905	29 875
Receivables	17	34 805	32 211
Other financial assets	18	71 798	67 377
Prepayments	19	8 121	7 435
Total Current Assets (excluding assets held for sale)		277 629	136 898
Assets held for sale	20	23 112	13 482
Total Current Assets		300 741	150 380
Non-Current Assets			
Receivables	17	4 783	-
Other financial assets	18	1 593	1 773
Property, plant and equipment	21	34 090 274	32 404 194
Intangible assets	22	272	6
Prepayments	19	28 223	26 274
Total Non-Current Assets		34 125 145	32 432 247
TOTAL ASSETS		34 425 886	32 582 627
LIABILITIES			
Current Liabilities			
Payables	23	208 535	230 159
Borrowings	24	31 310	29 760
Provisions	25	5 000	4 794
Total Current Liabilities		244 845	264 713
Non-Current Liabilities			
Payables	23	51 314	4 798
Borrowings	24	676 746	696 559
Provisions	25	199	202
Total Non-Current Liabilities		728 259	701 559
TOTAL LIABILITIES		973 104	966 272
NET ASSETS		33 452 782	31 616 355
EQUITY			
Retained earnings		11 072 956	11 047 098
Reserves		22 379 826	20 569 257
TOTAL EQUITY		33 452 782	31 616 355

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION

STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2013

	Notes	Retained Earnings	Asset Revaluation Reserve	Total
		2013 \$'000	2012 \$'000	2013 \$'000
			2012 \$'000	2012 \$'000
Balance at 1 July		11 047 098	11 123 582	20 569 257
			19 622 185	31 616 355
Deficit for the year		(195 245)	(156 125)	(195 245)
			-	(156 125)
Other Comprehensive Income:				
Net increase in property, plant and equipment asset valuations	21	-	-	2 031 672
Transfers on disposal		221 103	214 170	(221 103)
Total other comprehensive income		221 103	214 170	1 810 569
			947 072	2 031 672
Total comprehensive income for the year		25 858	58 045	1 810 569
			947 072	1 836 427
Transactions with owners in their capacity as owners				
Decrease in net assets from equity transfers	26	-	(134 529)	-
			-	(134 529)
Balance at 30 June		11 072 956	11 047 098	22 379 826
			20 569 257	33 452 782
				31 616 355

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION

STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from Operating Activities			
Receipts			
Rent and other tenant charges		762 042	724 484
Government grants - Commonwealth	5	18 898	11 306
Government grants - other NSW government agencies	5	125 801	194 413
Interest received		6 323	7 843
Management fees		16 691	11 679
Other		43 823	108 330
Total receipts		973 578	1 058 055
Payments			
Property and residential tenancy		(454 357)	(478 515)
Personnel services expenses		(54 434)	(95 327)
Administrative and working expenses		(163 972)	(158 910)
Finance costs		(50 716)	(74 080)
Grants and subsidies		(3 456)	(3 777)
Other		-	(3)
Total payments		(726 935)	(810 612)
Net cash flows from Operating Activities	29	246 643	247 443
Cash flows from Investing Activities			
Receipts			
Proceeds from sale of property, plant and equipment		195 677	170 002
Proceeds from redemption of investments		-	19 976
Total receipts		195 677	189 978
Payments			
Purchase of property, plant and equipment		(264 536)	(496 218)
Purchase of investments		(4 548)	(176)
Total payments		(269 084)	(496 394)
Net cash flows from Investing Activities		(73 407)	(306 416)
Cash flows from Financing Activities			
Receipts			
Proceeds from borrowings		-	724
Payments			
Repayments of borrowings		(40 206)	(41 188)
Net cash flows from Financing Activities		(40 206)	(40 464)
Net increase/(decrease) in cash and cash equivalents		133 030	(99 437)
Opening cash and cash equivalents		29 875	190 690
Cash adjustment due to administrative restructure	26	-	(61 378)
CLOSING CASH AND CASH EQUIVALENTS	16	162 905	29 875

The accompanying notes form part of these financial statements.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 1: THE REPORTING ENTITY

The NSW Land and Housing Corporation (LAHC), as a reporting entity, comprises all the operating activities under its control.

The LAHC is a *not-for-profit* entity. It administers the *Housing Act 2001* and its principal objective is to manage the State's housing portfolio on behalf of the New South Wales Government.

As a result of the Administrative Order (Public Sector Employment and Management (Departments and Ministers) Amendment Order 2011) issued on the 2nd June 2011 (the Administrative Order), LAHC became a part of the Department of Finance and Services (DFS) cluster of agencies. However, for accounting and reporting purposes, LAHC is not deemed to be controlled by DFS. Accordingly, the LAHC's financial statements are not consolidated with DFS. However, they are consolidated with the financial statements of other public sector agencies that comprise the NSW Total State Sector Accounts.

As the result of a further Administrative Order (Public Sector Employment and Management (Housing) Order 2013) issued on 2 August 2013, LAHC was transferred from DFS to the Department of Family and Community Services (DFACS).

The financial statements for the year ended 30 June 2013 were authorised for issue by the Director General of the DFACS on 16 September 2013.

NOTE 2: BASIS OF PREPARATION

a) Statement of Compliance

The LAHC's financial statements are general purpose financial statements, which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and the requirements of the *Public Finance and Audit Act 1983* and *Regulation*.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except:

- Property, plant and equipment are measured at fair value;
- Assets held for sale are measured at the lower of carrying amount and fair value less cost to sell;
- Interest free or low interest borrowings are initially measured at fair value and at amortised cost, thereafter.

c) Currency presentation

The financial statements are presented in Australian dollars and all amounts are rounded to the nearest one thousand dollars.

d) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 2: BASIS OF PREPARATION (continued)

e) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts for assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements, key assumptions and estimates made by management are disclosed in the relevant notes to the financial statements.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all reporting periods presented in these financial statements.

a) Income recognition

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

Accounting policies on recognition of specific types of income are discussed below:

(i) *Rent*

Rental income is recognised in accordance with AASB 117 *Leases* on a straight line basis over the term of the lease.

Public housing

Rent is charged one week in advance and recognised as income on a straight-line basis.

The LAHC calculates market rent for tenants, subject to individual limitations. Tenants, however, are only required to pay an amount equivalent to a pre-determined percentage of their household income. The difference between market rent and the amount tenants are required to pay is referred to a rental subsidy. Market rent and other tenant related charges, net of rental subsidies, is reported in the Statement of Comprehensive Income as Rent and other tenant charges.

Community housing

The LAHC enters into lease agreements with registered community housing providers, generally for a period of 3 years, at a nominal rent of \$1. During the term of the lease, the LAHC retains control over the leased residential properties. Ownership of the leased dwellings is not transferred to the lessees (community housing providers) at the end of the lease term.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Income recognition (*continued*)

(ii) *Government grants*

Government grants are recognised as income when the LAHC gains control over the grants. Control is normally obtained when cash is received.

(iii) *Investment income*

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

(iv) *Management fees and other income*

Management fees and other income are recognised on an accrual basis in accordance with AASB 118 *Revenue*.

(v) *Income from sale of assets*

Income from the sale of assets is recognised when the conditions set out in paragraph 14 of AASB 118 *Revenue* are met. When property assets are sold, income from the sale is recognised at the contract settlement date.

b) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred.

AASB 123 *Borrowing Costs* provides options for *not-for-profit* public sector entities, to either expense or capitalise borrowing costs relating to qualifying assets. Whilst NSW Treasury has mandated that all general government sector *not-for-profit* entities expense borrowing costs, it has allowed *not-for-profit* public trading enterprises, such as the LAHC to adopt either option. The LAHC has opted to continue expensing borrowing costs.

c) Insurance

The LAHC manages its insurance activities through insurance brokers. Insurance premiums are paid annually and are charged against income on a straight line basis over the period covered by the insurance policies.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Income, expenses and assets are recognised net of the amount of GST, except that:

- (i) the amount of GST incurred by the LAHC as a purchaser, that is not recoverable from the Australian Taxation Office (ATO), is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- (ii) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

e) Financial Instruments

(i) *Non-derivative financial assets*

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, short term deposits maturing in three months or less from balance date and deposits in NSW Treasury Corporation's Hour Glass Cash Facility.

Loans and receivables

Loans and other receivables are financial assets that are not quoted in an active market and with fixed or determinable payments. Such assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, loans and other receivables are measured at amortised cost using the effective interest method, less any impairment loss (see Note 18). Changes are recognised in the surplus / (deficit) for the year when impaired, derecognised or through the amortisation process.

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

(ii) *Non-derivative Financial liabilities*

Trade and other payables

These represent liabilities for goods and services provided to the LAHC. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent to initial recognition, trade and other payables are measured 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.

**NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013**

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments (*continued*)

Borrowings

Borrowings, including low interest loans, are measured initially at fair value net of transaction costs incurred. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method. Gains or losses arising from subsequent valuation are recognised in the surplus / (deficit) for the year.

f) De-recognition of financial assets and financial liabilities

(i) *Financial assets*

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire; or if the LAHC transfers the financial assets:

- a) where substantially all the risks and rewards have been transferred or
- b) where the LAHC has not transferred substantially all the risks and rewards, if LAHC has not retained control.

Where the LAHC has neither transferred nor retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of the LAHC's continuing involvement in the assets.

(ii) *Financial liabilities*

Financial liabilities are de-recognised when the obligations specified in the contracts expire, are discharged or cancelled.

g) Property, plant and equipment

(i) *Capitalisation threshold*

Property, plant and equipment, including leasehold improvements costing \$5,000 and above are capitalised if it is probable that future economic benefits will flow to the LAHC and the cost of the asset can be reliably measured. For grouped assets forming part of a network, once their aggregate value reaches the \$5,000 capitalisation threshold, further acquisitions within the asset group are capitalised regardless of the cost.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment (*continued*)

(ii) Recognition and measurement

The cost method of accounting is used in the initial recording of all asset acquisitions controlled by the LAHC.

Cost includes expenditures that are directly attributable to the acquisition of the asset, such as cash or cash equivalents paid or the fair value of 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.

The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the asset to a working condition for its intended use; the costs of dismantling and removing the items and restoring the site on which they are located, but only to the extent that such costs are recognised as a liability. The LAHC recognises a liability when it has a legal or constructive obligation to restore an asset.

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 the payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, that is, the deferred payment amount is discounted at a rate that appropriately applies to each specific asset.

When completed residential properties are acquired, they are brought to account as property, plant and equipment upon unconditional exchange of contracts.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, with the net amount being recognised within the Statement of Comprehensive Income.

(iii) Subsequent costs

a) Major inspection costs

The labour cost of performing major inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, when the asset recognition criteria is satisfied.

b) Repairs and maintenance

The LAHC expenses the cost of routine repairs and maintenance necessarily incurred to maintain its property portfolio at pre-determined standards. During the year, the LAHC incurred \$202.7 million (2012: \$221.2 million) on repairs and maintenance.

An accrual is brought to account to recognise the value of unpaid repairs and maintenance costs as at the reporting date. The LAHC estimates this accrual by

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment (*continued*)

applying a pre-determined percentage to the value of works orders issued to maintenance contractors. The pre-determined percentage varies depending on the status of the works orders as at the reporting date.

c) Capital improvements

The LAHC incurs costs necessary to bring older dwellings within its property portfolio to the LAHC's benchmark condition for maintained standard. These costs are capitalised when the improved dwellings exceed their original standard as a result of the work undertaken.

(iv) **Revaluation**

After initial recognition, the LAHC values property, plant and equipment in accordance with the Treasury Policy Paper, TPP 07-01 *Valuation of Physical Non-Current Assets at Fair Value* (as amended by NSWTC 12/05 *Fair Value of Specialised Physical Assets* and NSWTC 10/07 *Land Under Roads*). This policy paper adopts the revaluation model option available under AASB 116 *Property, Plant and Equipment* and takes into account the unique circumstances in the public sector when applying the valuation principles prescribed in AASB 116.

Under the revaluation option, the LAHC values property, plant and equipment at fair value with reference to its highest and best use, being the value of its existing use, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in limited circumstances, where there are feasible alternative uses, property, plant and equipment is valued at its 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. In the absence of readily identifiable market evidence, as in the case of churches, child care centres in the community purpose portfolio, the market value for the land is adopted and a depreciated replacement cost is determined for the improvements.

For non-specialised property, plant and equipment with short useful lives, historical cost is considered to approximate fair value.

Revaluation methodology by asset class

a) Residential properties

The LAHC undertakes revaluation of its residential properties each year, either by physical inspection (which takes place every 3 years), or by indexation in the intervening years. Revaluation by physical inspection was last undertaken in December 2011.

Registered professional valuers are engaged to value benchmark properties and their valuation is used to develop a reference matrix. The valuations comprising this matrix are extrapolated to all residential properties, taking into account the particular characteristics of each property.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment (*continued*)

Freehold properties

This group of properties is valued by reference to market value comparisons. Where the dwelling is a unit, townhouse or a duplex, provision has been made to reduce the value by the cost of obtaining a hypothetical separate title.

Properties under "block" title

Management has exercised its judgment when valuing residential properties under "block" title. Block titled properties represent a group of properties within a specific location that are covered by a single title for the entire block, instead of individual titles.

This category of residential properties is initially valued as if the properties were under a single title. This single title valuation is discounted by the cost to a developer for establishing individual titles and bringing the properties to market. This process establishes a value for that part of the market that may be interested in buying properties under a single title. When applying this valuation methodology, the LAHC ensures that the valuation assigned to this group of residential properties represents fair value.

Partial interest in properties

Where the LAHC holds a partial interest in properties, the valuation is calculated by applying the level of ownership held by the LAHC.

b) Commercial properties

Due to the nature of this asset class, each asset within the class is valued annually by independent registered valuers.

c) Community purpose built properties

Due to the special purpose for which these properties are held, each asset within this asset class is valued annually by independent registered valuers.

d) Land held for redevelopment

When residential buildings are demolished in line with the LAHC's asset strategy program, (refer to Note 15(ii)), the resulting vacant land is classified as land held for redevelopment. The revaluation methodology applicable to vacant land also applies to this class of assets.

e) Vacant land

This asset class is valued every year using the land valuation provided by the Valuer- General.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Property, plant and equipment (continued)

f) Land under roads

In accordance with New South Wales Treasury Circular NSW TC 10/07 *Land Under Roads*, this asset class, which has no feasible alternative use is valued at existing use based on an en globo (pre-subdivision) approach.

Revaluation increments/decrements

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

For other assets, the accumulated depreciation balance of an asset as at the revaluation date, is credited to that asset's account balance. The resulting net balance in the asset account is increased or decreased to bring the asset's value to fair value.

As the LAHC is a *not-for-profit* entity, the revaluation increment or decrement relating to individual assets within an asset class are offset against one another, but not against assets that belong to a different asset class.

The revaluation increment relating to an asset class for which a revaluation decrement has been recognised as an expense in prior years is first used to reverse that previously recognised expense. This is achieved by recognising an income in the surplus/(deficit) reported in the Statement of Comprehensive Income up to the value of the previously recognised expense. The remaining balance is directly credited to the Asset Revaluation Reserve account.

The revaluation decrement relating to an asset class is first offset against the existing credit balance in the Asset Revaluation Reserve account for that asset class. The remaining balance is recognised as an expense in the surplus/(deficit) reported in the Statement of Comprehensive Income.

When a previously revalued asset is disposed of, any remaining balance in the Asset Revaluation Reserve pertaining to that asset is transferred to Retained Earnings.

(v) Depreciation

Property, plant and equipment, other than land are depreciated on a straight line basis. The residual values and useful lives of assets are reviewed at each balance date and adjusted, if appropriate. The estimated useful lives of the depreciable assets are:

Asset class	Estimated useful life
Residential properties	50 years
Residential properties marked for demolition	1 to 5 years
Commercial properties	50 years
Community purpose built properties	50 years
Motor vehicles	3 years
Computer hardware	3 years
Office furniture and equipment	3 years

Leasehold improvements are amortised over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Intangible assets

Intangible assets costing \$5,000 and above are capitalised if it is probable that future economic benefits will flow to the LAHC and the cost of the asset can be reliably measured.

The cost method of accounting is used in the initial recording of intangible assets acquired or developed by the LAHC. However, intangible assets acquired at no or nominal cost, are measured at fair value.

For computer software developed internally by the LAHC, research costs are expensed while development costs that meet specific criteria are capitalised provided they are directly attributable to the asset. Where externally acquired computer software forms an integral part of the related computer hardware, it is considered to form part of the computer hardware and is classified as Property, Plant and Equipment. However, where externally acquired computer software does not form an integral part of the related computer hardware, it is classified as an intangible asset.

After initial recognition, intangible assets are measured at fair value, where an active market exists, otherwise, they are carried at cost less accumulated amortisation.

Amortisation of intangible assets is calculated on a straight line basis over the assets' estimated useful lives, which are assessed each year.

i) Leased assets

(i) Finance leases

Leases where the LAHC assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

When public housing properties are completed, the LAHC brings them to account as finance leases on the basis that on completion date, all the risks and rewards attributable to these properties are transferred to the LAHC.

Long term leases of land

As a lessor, the LAHC classifies a long term lease of land as a finance lease if the risks and rewards incidental to ownership of the land are substantially transferred to the lessee.

Where a lessee makes up-front lease payments in respect of a lease that is classified as a finance lease, this arrangement is accounted for as a sale and the leased asset is de-recognised.

(ii) Operating leases

Other leases, where the LAHC does not assume substantially all the risks and rewards of ownership, are classified as operating leases and not recognised in the LAHC's Statement of Financial Position. However, lease payments in respect of the use of the leased assets are recognised in the Statement of Comprehensive Income.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Impairment

(i) *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 LAHC 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 assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of impairment loss is recognised in the surplus/(deficit) reported in the Statement of Comprehensive Income.

Where there is objective evidence, previously recognised impairment losses are reversed in the surplus/(deficit) for the year. Reversals of impairment losses on financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

Short term receivables, loans and other receivables

The allowance for estimated impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Uncollectible amounts are recognised as bad debts and written off when the following requirements of Treasurer's Directions 450.01 – 450.09 *Recovery of Debts to the State* are met:

- a) the debtor cannot be located;
- b) it is uneconomical to finalise recovery action due to the relatively small value of the debt;
- c) the medical, financial or domestic circumstances of a particular debtor do not warrant the taking of further recovery action; or
- d) legal proceedings through the courts have proved, or on legal advice, would prove unsuccessful.

(ii) *Property, plant and equipment and intangible assets*

As a *not-for-profit* with no cash generating units, the LAHC is effectively exempted from impairment testing as described in *AASB 136 Impairment of Assets*. This is because for not-for-profit entities, *AASB 136* modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement costs. 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.

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

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Non-current assets classified as held for sale

The LAHC classifies non-current assets as held for sale, when their carrying amount will be recovered principally through a sale transaction and not through continuing use. Non-current assets held for sale are recognised at the lower of carrying amount and fair value less cost to sell.

Any loss on initial classification of a non-current asset as held for sale and subsequent gains or losses on re-measurement are recognised in the profit and loss. Gains on re-measurement are recognised in the profit and loss only to the extent of the cumulative impairment loss that has been recognised.

Assets classified as held for sale are not depreciated while the held for sale classification criteria continues to be met.

l) Provisions

A provision is recognised if, as a result of a past event, the LAHC has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

A provision for restructuring is recognised when the LAHC has a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly, resulting in a valid expectation in those affected that the restructuring plan will be implemented.

m) Equity and reserves

(i) *Asset Revaluation Reserve*

The asset revaluation reserve is used to record increments and decrements arising from the revaluation of non-current assets. This is in accordance with the LAHC's accounting policy of the revaluation of property, plant and equipment as discussed in note 3 g) iv).

(ii) *Retained Earnings*

Retained earnings includes all current and prior period retained funds.

(iii) *Other reserves*

Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards.

NSW LAND AND HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Equity transfers

In accordance with NSW Treasury Policy and Guidelines Paper (NSW TPP) 09-03, AASB 1004 *Contributions and Australian Interpretation 1038 Contributions by Owners made to Wholly-owned Public Sector Entities*, the transfer of net assets between agencies as a result of an administrative restructure within government is designated as a contribution by owners and recognised as an adjustment to Retained Earnings.

Transfers arising from an administrative restructure between government departments are recognised at the amount at which they were recognised by the transferor department immediately prior to the restructure. In most instances, this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised by the transferor at (amortised) cost because there is no active market, LAHC recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, no asset is recognised by LAHC.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) New Australian accounting standards and interpretations issued but not effective

In accordance with NSWTC 13/02 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards*, the following new or revised Accounting Standards and Interpretations have not been early adopted.

AASB No.	Operative Date	Title
9, 2010-7 and AASB 2012-6	1 January 2015	Financial Instruments; Amendments to Australian Accounting Standards arising from AASB 9 (December 2010); Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures
10	1 January 2013	Consolidated Financial Statements
11	1 January 2013	Joint Arrangements
12	1 January 2013	Disclosure of Interests in Other Entities
13	1 January 2013	Fair Value Measurement
2011-8	1 January 2013	Amendments to Australian Accounting Standards arising from AASB 13
2012-1	1 July 2013	Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements
119	1 January 2013	Employee Benefits
2011-10	1 January 2013	Amendments to Australian Accounting Standards arising from AASB 119
2011-11	1 July 2013	Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements
127	1 January 2013	Separate Financial Statements
128	1 January 2013	Investments in Associates and Joint Ventures
1053	1 July 2013	Application of Tiers of Australian Accounting Standards
2010-2	1 July 2013	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (regarding differential reporting)
2010-10	1 January 2013	Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First Time Adopters
2011-2	1 July 2013	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) New Australian accounting standards and interpretations issued but not effective (continued)

AASB No.	Operative Date	Title
2011-4	1 July 2013	Amendments to Australian Accounting Standards to remove Individual Key Management Personnel Disclosure Requirements
2011-6	1 July 2013	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements
2011-7	1 January 2014	Amendments to Australian Accounting Standards arising from the Consolidation and Joint Venture Arrangements Standards
2011-12	1 January 2013	Amendments to Australian Accounting Standards arising from Interpretation 20
2012-1	1 July 2013	Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements
2012-2	1 January 2013	Amendments to Australian Accounting Standards – Disclosures - Offsetting Financial Assets and Financial Liabilities
2012-3	1 January 2014	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
2012-4	1 January 2013	Amendments to Australian Accounting Standards – Government Loans
2012-5	1 January 2013	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
2012-7	1 July 2013	Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements
2012-9	1 January 2013	Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
2012-10	1 January 2013	Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments
2012-11	1 July 2013	Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments

The LAHC anticipates that the adoption of these Standards and Interpretations in the period of initial application will have no material financial impact on the financial statements.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 4: RENT AND OTHER TENANT CHARGES

	2013 \$'000	2012 \$'000
Market rent and other tenant charges	1 628 650	1 549 943
Less: rental subsidies to tenants (non-cash)	(897 019)	(856 904)
Water usage charges	36 095	34 020
Total rent and other tenant charges	767 726	727 059

NOTE 5: GOVERNMENT GRANTS

The LAHC receives Commonwealth and State grants for initiatives not covered by the National Affordable Housing Agreement (NAHA). It also receives grants from other government agencies.

During the year, the LAHC received grants from the following:

Commonwealth

Housing Affordability Fund (i)	18 898	11 306
Total Commonwealth grants	18 898	11 306

Other government agencies

Department of Family & Community Services - Community Services	1 392	1 356
Home Purchase Assistance Fund	-	45 000
Crown Entity (note 24 (i))	-	1 042
Department of Family & Community Services (ii)	124 409	147 015
Total grants from other government agencies	125 801	194 413
Total Government grants	144 699	205 719

(i) The LAHC has entered into a number of Housing Affordability Fund (HAF) agreements with the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs. HAF is an investment by the Australian Government which aims to stimulate the supply of new houses and improve housing affordability.

The Commonwealth grants will be used by the LAHC to fund a program of works in ten different sites. The HAF agreements stipulate that savings generated by the Commonwealth grant contributions must be passed on to new home buyers.

(ii) These include grants that are applied to programs such as headleasing, repairs & maintenance on crisis accommodation and capital works.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 6: INVESTMENT INCOME

	2013	2012
	\$'000	\$'000
Interest earned by the LAHC is in respect of the following investments:		
NSW Treasury Corporation - Hour Glass cash facilities	2 241	3 045
Bank deposits	3 690	4 718
Other	397	80
Total investment income	6 328	7 843

NOTE 7: MANAGEMENT FEE INCOME

Project management fees	14 813	6 841
Property management fees	1 878	4 838
Total management fee income	16 691	11 679

NOTE 8: OTHER INCOME

Environmental Program recoveries (i)	345	6 186
Bad debts recovered	752	472
Insurance recovery	3 339	1 717
Transfer of assets from Aboriginal Housing Office (note 21 (i) & (ii))	113	582
Tenant damage recovered	1 620	1 073
Initial recognition of land & buildings	8 916	8 777
GST input taxed credits (iii)	38 750	6 750
Vesting and input tax credits	7 578	11 011
Liquidation damages realised	1 531	1 568
Remeasurement of finance lease liability	-	9 250
Sundry (ii)	2 213	2 776
Total other income	65 157	50 162

(i) In accordance with the environmental sustainability strategy, the LAHC is actively implementing a range of programs to improve the environmental performance of the asset portfolio. These programs include installation of ceiling insulation, solar hot water heating systems, solar panels and rainwater tanks. This income represents amounts received from the transfer of rights over renewable energy certificates, solar and other rebates.

(ii) In 1990, the NSW Treasury granted the LAHC exemption from Treasurer's Directions relating to the "treatment of stale cheques". Cheques drawn by the LAHC which have not been claimed by the payee after fifteen months are stale. In general, the LAHC is allowed not to remit the unclaimed cheques to Treasury and recognise them as sundry income. However, unclaimed cheques that relate to a refund of advance rent paid by the LAHC's tenants are governed by the *Unclaimed Moneys Act 1995*. In accordance with this Act, an unclaimed advance rent refund cheque can only be recognised as sundry income, if it is less than \$100 or has been held by the LAHC for more than six years and only after all reasonable attempts have been made to locate the tenants. Otherwise, the unclaimed cheque is recognised as a liability which is included in "rent received in advance" reported in note 23.

(iii) This amount represents GST input tax credits which have been claimed in relation to certain categories of costs incurred by LAHC (including specific National Building Economic Stimulus Plan expenditure) during the period December 2005 to June 2011, which were identified as a result of a review undertaken post the implementation of the Administrative Order in 2011. This amount has now been recognised as revenue.

NOTE 9: REPAIRS AND MAINTENANCE

Residential properties	202 354	220 682
Commercial properties	254	376
Other	114	100
Total repairs and maintenance	202 722	221 158

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 10: PERSONNEL SERVICES

	2013	2012
	\$'000	\$'000
Salaries	36 964	29 256
Annual leave and leave loading	3 294	5 835
Employer's contributions to superannuation	3 387	4 491
Workers' compensation insurance	346	501
Payroll and fringe benefit tax	3 114	3 531
Temporary assistance	5 636	7 685
Other	26	36
Total personnel services	52 767	51 335

During the year, personnel services were provided by staff employed by DFS at a total cost of \$52.8 million (2012: \$51.3 million).

NOTE 11: OTHER EXPENSES

Management and other fees (i)	17 084	13 199
Rent on headleased properties (ii)	59 930	56 982
Office accommodation	3 397	3 449
Insurance	5 510	4 995
Staff development	217	427
Building maintenance	263	245
Utilities	6 571	5 908
Computer maintenance and software licences	446	110
Printing, postage and stationery	380	595
Motor vehicle	460	317
Auditors' remuneration	352	365
Travel	686	505
Telecommunication	367	432
Compensation payments	3 343	2 676
Consultants' fees	687	30
Professional services	12 466	3 099
Tenant relocation	366	75
Businesslink costs (iii)	13 285	13 529
Other	1 184	1 885
Total other expenses	126 994	108 823

(i) Management and other fees include service fees in respect of the Bonnyrigg Living Communities Project (see notes 3 i) (i) and 19 (i)).

(ii) The LAHC leases residential properties from the private market to supplement its housing stock in order to meet client demand for social housing. These leased residential properties are sub-let to eligible clients.

(iii) NSW Businesslink Pty Ltd is the shared service provider for the LAHC. The services provided include corporate support services in respect of finance, information technology and human resources functions.

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 12: DEPRECIATION AND AMORTISATION

	2013	2012
	\$'000	\$'000
Depreciation		
Residential properties	319 575	294 021
Commercial properties	453	477
Community purpose built properties	322	261
Finance leased properties	286	206
Computer hardware	113	294
Office furniture and equipment	8	120
Motor vehicles	694	740
Total depreciation	321 451	296 119
Amortisation		
Intangible assets	48	12
Leasehold improvements	7	216
Total amortisation	55	228
Total depreciation and amortisation	321 506	296 347

NOTE 13: GRANTS AND SUBSIDIES

Property transfers to Aboriginal Housing Office (note 21 (i) & (ii))	35 971	30 182
Property transfers to DFACS (note 21 (i) & (ii))	2 712	-
NSW Businesslink Pty Ltd	-	222
Amortisation of write down on borrowing	273	324
Other	3 184	3 231
Total grants and subsidies expense	42 140	33 959

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 14: FINANCE COSTS	2013	2012
	\$'000	\$'000
Finance costs comprise:		
Interest on interest bearing liabilities		
State Advances – Commonwealth loans	50 547	51 641
NSW Treasury Corporation	11 475	11 599
Crown Entity	2 275	7 207
Loss on re-measurement of finance lease liability	4 717	-
Other	3 341	5 481
Total finance costs	72 355	75 928

NOTE 15: GAIN/(LOSS) ON DISPOSAL

(i) Sale of assets

Residential properties

Sales proceeds	152 325	152 944
Less: selling expenses	(12 327)	(3 959)
Net proceeds	139 998	148 985
Less: written down value of assets sold	(156 518)	(156 126)
Loss	(16 520)	(7 141)

Commercial properties

Sales proceeds	1 419	4 034
Less: selling expenses	(58)	(47)
Net proceeds	1 361	3 987
Less: written down value of assets sold	(897)	(4 861)
Gain/(loss)	464	(874)

Land

Sales proceeds	44 153	14 812
Less: selling expenses	(1 365)	(751)
Net proceeds	42 788	14 061
Less: value of assets sold	(37 138)	(7 464)
Gain	5 650	6 597

Motor Vehicles

Sales proceeds	636	537
Less: selling expenses	(2)	(16)
Net proceeds	634	521
Less: written down value of assets sold	(740)	(541)
Loss	(106)	(20)

Computer equipment

Sales proceeds	1	-
Less: selling expenses	-	-
Net proceeds	1	-
Less: written down value of assets sold	(39)	-
Loss	(38)	-

Loss on sale of property, plant and equipment	(10 550)	(1 438)
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Total asset sales

Sales proceeds	198 534	172 327
Less: selling expenses	(13 752)	(4 773)
Net proceeds	184 782	167 554
Less: written down value of assets sold (note 21 (i) & (ii))	(195 332)	(168 992)
Loss on sale of property, plant and equipment	(10 550)	(1 438)

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 15: GAIN/(LOSS) ON DISPOSAL (continued)

	2013	2012
	\$'000	\$'000
(ii) Assets demolished		
Written down value of demolished properties (note 21 (i) & (ii))	(24 025)	(41 933)
In accordance with the LAHC's strategic asset management program, properties that meet certain criteria may be demolished to provide appropriate housing facilities in a cost effective manner.		
(iii) Assets written off		
Property, plant and equipment (note 21 (i) & (ii))	(9 544)	(13 146)
Impairment – non-current assets classified as held for sale (note 20)	(495)	(216)
Assets written off	(10 039)	(13 362)
Loss on disposal of property, plant and equipment	(44 614)	(56 733)
(iv) Sale of assets held for sale		
Residential properties		
Sales proceeds	9 507	13 228
Less: selling expenses	(56)	-
Net proceeds	9 451	13 228
Less: written down value of assets sold	(10 097)	(12 022)
(Loss)/gain	(646)	1 206
Vacant Land		
Sales proceeds	2 530	11 013
Less: selling expenses	-	-
Net proceeds	2 530	11 013
Less: written down value of assets sold	(2 492)	(10 157)
Gain	38	856
(Loss)/gain on sale of assets held for sale	(608)	2 062
Total sales of assets held for sale		
Sales proceeds	12 037	24 241
Less: selling expenses	(56)	-
Net proceeds	11 981	24 241
Less: written down value of assets sold (note 20)	(12 589)	(22 179)
(Loss)/gain on sale of assets held for sale	(608)	2 062
Total loss on disposals	(45 222)	(54 671)

NOTE 16: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash on hand and at bank	154 366	18 962
Deposits at call - NSW Treasury Corporation – Hour Glass cash facilities (i)	8 539	10 913
Total cash and cash equivalents	162 905	29 875

(i) Cash and cash equivalents include amounts that have been restricted in terms of their use as follows:

Housing Reserve Fund (HRF)	457	319
Housing Affordability Fund (HAF)	21 814	4 994
Total	22 271	5 313

NSW LAND AND HOUSING CORPORATION
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NOTE 17: CURRENT / NON-CURRENT ASSETS – RECEIVABLES

	2013	2012
	\$'000	\$'000
Current		
Rental debtors	28 681	26 472
Less: allowance for impairment (i)	(23 053)	(18 226)
Net rental debtors	5 628	8 246
Property sales debtors	2 565	1 704
Commercial property sales debtors	302	221
Sundry debtors	24 084	16 796
Less: allowance for impairment (ii)	(193)	(376)
Net Sundry Debtors	23 891	16 420
Receivables – other government departments	2 419	5 620
Total current receivables	34 805	32 211
Non-current		
Receivables – other government departments	4 783	-
Total non-current receivables	4 783	-
Total receivables	39 588	32 211
(i) The movement in the allowance for impairment of rental debtors is as follows:		
Balance, beginning of year	18 226	17 952
Debts written off	(2 427)	(3 183)
Increase in allowance for impairment	7 254	3 457
Balance, end of year	23 053	18 226
(ii) The movement in the allowance for impairment of sundry debtors is as follows:		
Balance, beginning of year	376	297
Debts written off	(131)	-
(Decrease)/increase in allowance for impairment	(52)	79
Balance, end of year	193	376
(iii) The movement in the aggregate allowance for impairment in receivables is as follows:		
Balance, beginning of year	18 602	18 249
Debts written off	(2 558)	(3 183)
Increase in allowance for impairment	7 202	3 536
Balance, end of year	23 246	18 602

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NOTE 18: CURRENT/NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

LAHC derives its investment powers from Part 2, Schedule 4 of the *Public Authorities (Financial Arrangements) Act 1987*. Other financial assets comprise the following:

	2013	2012
	\$'000	\$'000
Current		
Loans and receivables		
Bank bills and deposits (incl. futures calls) (iii)	71 295	66 747
Mortgage Assistance Scheme	525	630
Less: allowance for impairment (i)	(22)	-
Net	503	630
Total loans and receivables	71 798	67 377
Total current other financial assets	71 798	67 377
Non-current		
Loans and receivables		
Mortgage Assistance Scheme	1 593	1 773
Total loans and receivables	1 593	1 773
Total non-current other financial assets	1 593	1 773
Total other financial assets	73 391	69 150
(i) The movement in the allowance for impairment in loans under the Mortgage Assistance Scheme is as follows:		
Current		
Balance, beginning of year	-	131
Debts written off	(70)	(126)
Increase/(decrease) in allowance for impairment	92	(5)
Balance, end of year	22	-
(ii) Total movement in allowance for impairment in receivables and loans under the Mortgage Assistance Scheme is as follows:		
Current		
Balance, beginning of year	18 602	18 380
Debts written off	(2 628)	(3 309)
Allowance for impairment (note 17(iii) and note 18(i))	7 294	3 531
Balance, end of year	23 268	18 602
(iii) Other financial assets include deposits that are restricted in terms of their use as follows:		
Housing Reserve Fund (HRF)	64 117	59 918
Total	64 117	59 918

NOTE 19: CURRENT/NON-CURRENT ASSETS – PREPAYMENTS

Current		
Head leasing	5 440	6 053
Other	2 681	1 382
Total current prepayments	8 121	7 435
Non-current		
Public Private Partnership - land contribution (i)	28 223	26 274
Total non-current prepayments	28 223	26 274
Total prepayments	36 344	33 709

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NOTE 19: CURRENT/NON-CURRENT ASSETS – PREPAYMENTS (continued)

(i) In accordance with Treasury Policy Paper TPP 06-08 *Accounting for Privately Financed Projects*, land contributed by the LAHC to be used in redeveloping the Bonnyrigg site has been classified as a prepayment. The prepayment is allocated between the value of the land component of completed public housing dwellings and the value of services provided by the project company. As completed public housing dwellings are received from the project company, the prepayment is reduced by the value of the land component. The component of the prepayment which relates to the value of the service fee is amortised over the remaining life of the project. Amortisation commences from the month following completion of the project stage to which the contributed land relates.

NOTE 20: ASSETS HELD FOR SALE

	2013	2012
	\$'000	\$'000
Residential properties	16 379	10 901
Vacant land	6 733	2 581
Total assets classified as held for sale	23 112	13 482

These assets are expected to be sold in the following financial year through a number of disposal options including auctioning the properties.

An impairment loss on the measurement of assets classified as held for sale to fair value less cost to sell has been recognised and is included in Assets Written Off (note 15 (iii)). The impairment loss comprises:

Residential properties -

Net carrying amount at the time of reclassification	16 640	11 112
Less: Fair value less cost to sell	(16 351)	(10 901)
Impairment loss	289	211

Vacant land -

Net carrying amount at the time of reclassification	6 868	2 605
Less: Fair value less cost to sell	(6 644)	(2 581)
Impairment loss	224	24
Impairment loss on remeasurement of assets held for sale	513	235

Impairment writeback on reinstatement of non-current assets	(18)	(19)
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Impairment – non-current assets classified as held for sale (note 15 (iii))	495	216
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Reconciliations

Reconciliations of the total carrying amounts of assets classified as held for sale at the beginning and end of the current and previous financial year are set out below:

Carrying amount at start of year	13 482	27 739
Sale of assets – written down value (note 15 (iv))	(12 589)	(22 179)
Impairment loss	(513)	(235)
Impairment writeback on reinstatement of non-current assets	18	19
Reclassified from non-current assets to assets held for sale (note 21 (i) & (ii))	23 508	9 191
Reclassified from assets held for sale to non-current assets (note 21 (i) & (ii))	(794)	(1 053)
Carrying amount at end of year	23 112	13 482

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NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	\$'000	\$'000
Property		
<i>Residential properties</i>		
Land, at gross carrying amount	17 550 414	16 211 984
Buildings, at gross carrying amount	15 795 081	15 385 426
Less: Accumulated depreciation	(26 209)	(26 136)
	15 768 872	15 359 290
Residential properties - net carrying amount (at fair value)	33 319 286	31 571 274
<i>Commercial properties</i>		
Land, at gross carrying amount	24 770	25 075
Buildings, at gross carrying amount	22 306	23 250
Less: Accumulated depreciation	(331)	(239)
	21 975	23 011
Commercial properties – net carrying amount (at fair value)	46 745	48 086
Finance leased properties - Bonnyrigg Living Communities (note 3 i) (i))		
Land, at gross carrying amount	9 820	7 972
Buildings, at gross carrying amount	20 059	13 374
Less: Accumulated amortisation	(11)	-
	20 048	13 374
Finance leased properties - net carrying amount (at fair value)	29 868	21 346
<i>Community purpose built properties</i>		
Land, at gross carrying amount	34 294	41 995
Buildings, at gross carrying amount	13 587	18 536
Less: Accumulated depreciation	(136)	(186)
	13 451	18 350
Community purpose built properties – net carrying amount (at fair value)	47 745	60 345
Land for redevelopment, at fair value	295 745	264 753
Vacant land, at fair value	41 705	41 549
Land under roads, at fair value	51 446	49 685
Work in progress, at gross carrying amount	252 372	343 661
Leasehold improvements		
Leasehold improvements, at cost	10 624	7 390
Less: Accumulated amortisation	(7 390)	(7 390)
Leasehold improvements	3 234	-
Total property – net carrying amount (at fair value)	34 088 146	32 400 699
Plant and Equipment		
Computer hardware, at gross carrying amount	90	6 697
Less: Accumulated depreciation	(53)	(6 548)
	37	149
Office furniture and equipment, at gross carrying amount	537	620
Less: Accumulated depreciation	(536)	(612)
	1	8
Motor vehicles, at gross carrying amount	3 260	4 392
Less: Accumulated depreciation	(1 170)	(1 054)
	2 090	3 338
Total plant and equipment – net carrying amount (at fair value)	2 128	3 495
Total property, plant and equipment – net carrying amount (at fair value)	34 090 274	32 404 194

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NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

In accordance with the LAHC's capitalisation policy as stated in note 3 g) (i) & (ii) , costs directly attributable to the acquisition of assets have been capitalised. These costs include personnel services amounting to \$20.0 million (2012: \$22.6 million). The cost of personnel services reported in note 10 is net of this capitalised amount.

NSW LAND AND HOUSING CORPORATION
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NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Reconciliations

Reconciliations of the net carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Residential Properties	Commercial Properties	Finance Leased Properties	Community Purpose Built Properties	Land held for Redevelop- ment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improve- ments	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2013												
Net carrying amount at start of year	31 571 274	48 086	21 346	60 345	264 753	41 549	49 685	343 661	-	157	3 338	32 404 194
Additions/capital improvements	114 270	1	8 626	283	9 707	26	1 197	140 649	3 241	41	186	278 227
Input tax credits - vested properties	(7 404)	-	-	-	-	-	-	-	-	-	-	(7 404)
Transfers to completed properties	258 709	-	-	-	36 291	-	-	(295 000)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(16 640)	-	-	-	(6 833)	(35)	-	-	-	-	-	(23 508)
Reclassified from assets held for sale to non-current assets (Note 20)	794	-	-	-	-	-	-	-	-	-	-	794
Sales (note 15)	(156 518)	(897)	-	-	(36 726)	(412)	-	-	-	(39)	(740)	(195 332)
Transfers to Aboriginal Housing Office (note 13)	(35 802)	-	-	-	-	(169)	-	-	-	-	-	(35 971)
Transfers from Aboriginal Housing Office (note 8)	113	-	-	-	-	-	-	-	-	-	-	113
Transfers between classes	(99 451)	-	182	(229)	32 015	-	-	67 483	-	-	-	-
Transfers to Bonnyrigg Project Company	-	-	-	-	(4 772)	-	-	-	-	-	-	(4 772)
Demolitions (note 15 (ii))	(24 025)	-	-	-	-	-	-	-	-	-	-	(24 025)
Write-off (note 15 (iii))	(3 998)	-	-	-	(1 125)	-	-	(4 421)	-	-	-	(9 544)
Transfer to DFACS (note 13)	(2 513)	-	-	(199)	-	-	-	-	-	-	-	(2 712)
Revaluation increment	2 040 052	8	-	(12 133)	2 435	746	564	-	-	-	-	2 031 672
Depreciation expense (note 12 excluding intangible assets)	(319 575)	(453)	(286)	(322)	-	-	-	-	(7)	(121)	(694)	(321 458)
Net carrying amount at end of year	33 319 286	46 745	29 868	47 745	295 745	41 705	51 446	252 372	3 234	38	2 090	34 090 274

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NOTE 21: NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) Reconciliations

Reconciliations of the net carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Residential Properties	Commercial Properties	Finance Leased Properties	Community Purpose Built Properties	Land held for Redevelop- ment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improve- ments	Computer Hardware, Office Furniture & Equipment	Motor Vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2012												
Net carrying amount at start of year	30 476 909	47 309	17 845	23 850	257 821	43 741	47 739	508 847	10 484	3 944	10 533	31 449 022
Additions/capital improvements	125 388	5	-	4	10 226	-	-	263 777	-	18	1 064	400 482
Input tax credits - vested properties	(27 772)	-	-	-	-	-	-	-	-	-	-	(27 772)
Transfers to completed properties	476 447	-	-	-	2 206	-	-	(478 653)	-	-	-	-
Reclassified from non-current assets to assets held for sale (note 20)	(7 700)	-	-	-	(914)	(577)	-	-	-	-	-	(9 191)
Reclassified from assets held for sale to non-current assets (Note 20)	1 053	-	-	-	-	-	-	-	-	-	-	1 053
Sales (note 15)	(155 980)	(4 861)	-	-	(6 870)	(594)	-	(146)	-	-	(541)	(168 992)
Transfers to Aboriginal Housing Office (note 13)	(30 182)	-	-	-	-	-	-	-	-	-	-	(30 182)
Transfers from Aboriginal Housing Office (note 8)	582	-	-	-	-	-	-	-	-	-	-	582
Transfers between classes	(82 305)	-	3 707	110	28 468	184	-	49 836	-	-	-	-
Demolitions (note 15 (ii))	(41 933)	-	-	-	-	-	-	-	-	-	-	(41 933)
Write-off (note 15 (iii))	(13 145)	-	-	-	-	-	-	-	-	(1)	-	(13 146)
Transfer to DFACS - Housing (note 26)	-	-	-	-	-	-	-	-	(10 268)	(3 390)	(6 978)	(20 636)
Revaluation increment/ (decrement)	1 143 933	6 110	-	36 642	(28 184)	(1 205)	1 946	-	-	-	-	1 161 242
Depreciation expense (note 12 excluding intangible assets)	(294 021)	(477)	(206)	(261)	-	-	-	-	(216)	(414)	(740)	(296 335)
Net carrying amount at end of year	31 571 274	48 086	21 346	60 345	264 753	41 549	49 685	343 661	-	157	3 338	32 404 194

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NOTE 22: INTANGIBLE ASSETS

	2013	2012
	\$'000	\$'000
Software, cost	375	54
Less: accumulated amortisation	(103)	(48)
Total intangible assets	272	6

(i) Reconciliations

Reconciliations of the carrying amounts of software at the beginning and end of the current and previous financial year are set out below.

Carrying amount at start of year	6	55 284
Additions/capital improvements	314	5
Transfer to DFACS - Housing (note 26)	-	(55 271)
Amortisation (note 12)	(48)	(12)
Carrying amount at end of year	272	6

NOTE 23: CURRENT/NON-CURRENT LIABILITIES – PAYABLES

Current

Trade creditors	25 578	26 199
Rent received in advance	35 315	37 752
Other creditors – credit balances in sundry debtors	429	360
Department of Finance & Services - personnel services	9 617	12 617
Accrued operating expenditure	73 764	35 580
Accrued capital expenditure	49 875	65 383
Department of Family & Community Services - ADHC	338	-
Department of Family & Community Services - HNSW	5 687	46 485
Other creditors	7 932	5 783
Total current payables	208 535	230 159

Non-current

Department of Finance & Services - personnel services	108	113
Department of Family & Community Services (i)	46 521	-
Other creditors	4 685	4 685
Total non-current payables	51 314	4 798

Total payables	259 849	234 957
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(i) By agreement with the Department of Family & Community Services, the balance payable of \$46.5 million will not be paid in the next 12 months, hence the reclassification from current to non-current payable.

NSW LAND AND HOUSING CORPORATION
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NOTE 24: CURRENT/NON-CURRENT LIABILITIES – BORROWINGS

	2013	2012
	\$'000	\$'000
Current - unsecured		
State advances – Commonwealth loans	14 834	14 602
NSW Treasury Corporation	2 071	1 374
Crown Entity (i)	11 685	11 155
Finance lease - Bonnyrigg	2 318	2 244
Other	402	385
Total current interest bearing liabilities	31 310	29 760
Non-current - unsecured		
State advances – Commonwealth loans	434 455	449 289
NSW Treasury Corporation	183 435	185 222
Crown Entity (i)	24 615	36 027
Finance lease - Bonnyrigg	27 228	18 606
Other	7 013	7 415
Total non-current interest bearing liabilities	676 746	696 559
Total interest bearing liabilities (ii)	708 056	726 319

(i) Previously, LAHC entered into a loan agreement with the Crown Entity for the amount of \$58.5 million at an interest rate of 4.75% p.a. payable over 5 years. The first repayment commenced on 30 June 2012.

As part of the arrangement, the Crown Entity assumed the long service leave liabilities as it existed at the time prior to the administrative restructure.

In accordance with LAHC's accounting policy the loan was measured at fair value on initial recognition and subsequently re-measured at amortised cost. On initial recognition the \$4.4 million difference between the fair value (\$58.5 million) and the carrying amount (\$54.1 million) of the liability was charged against operating results. The re-measurement of this loan following initial recognition resulted in a write down of \$1.04 million, which is amortised over the five year life of the loan, commencing 2011–12 (\$0.32 million amortisation).

(ii) The nominal value of borrowings are reconciled to the balance reported in the Statement of Financial Position as follows:

Nominal values of borrowings	1 033 163	1 074 587
Less: Re-measurement adjustment	(325 107)	(348 268)
Balance reported in Statement of Financial Position	708 056	726 319

NSW LAND AND HOUSING CORPORATION
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NOTE 24: CURRENT/NON-CURRENT LIABILITIES - BORROWINGS (continued)

(iii) The nominal value of borrowings is expected to be repaid as follows:

	Principal 2013 \$'000	Interest payable from 1 July 2013 \$'000	2013 Total \$'000
Not later than one year	45 644	53 261	98 905
Later than one year but no later than five years	283 914	173 100	457 014
Later than five years	703 605	342 559	1 046 164
Total cash outflow	1 033 163	568 920	1 602 083

	Principal 2012 \$'000	Interest payable from 1 July 2012 \$'000	2012 Total \$'000
Not later than one year	42 450	53 879	96 329
Later than one year but no later than five years	294 260	181 070	475 330
Later than five years	737 877	364 594	1 102 471
Total cash outflow	1 074 587	599 543	1 674 130

Interest payable, excluding interest payable to the Crown Entity, was accrued on the basis of prevailing interest rates as at 30 June 2013. Furthermore, it was assumed that the loans payable to NSW Treasury Corporation will be paid as and when they fall due. Interest payable on the Crown Entity borrowing represents 4.75% of the unpaid balance of the principal.

(iv) The finance lease liability in respect of the Bonnyrigg project is expected to be repaid as follows:

	Future minimum lease payments 2013 \$'000	Interest 2013 \$'000	Present value of minimum lease payments 2013 \$'000
Not later than one year	6 916	4 598	2 318
Later than one year but no later than five years	23 082	16 669	6 413
Later than five years	43 250	22 435	20 815
Total cash outflow	73 248	43 702	29 546

	Future minimum lease payments 2012 \$'000	Interest 2012 \$'000	Present value of minimum lease payments 2012 \$'000
Not later than one year	5 580	3 336	2 244
Later than one year but no later than five years	16 493	11 518	4 975
Later than five years	27 794	14 163	13 631
Total cash outflow	49 867	29 017	20 850

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NOTE 25: CURRENT/NON-CURRENT LIABILITIES – PROVISIONS

	2013	2012
	\$'000	\$'000
Current		
Third party claims (i) & (ii)(a)	3 968	3 852
Head leasing refurbishments (ii)(b)	1 032	942
Total current provisions	5 000	4 794
Non-current		
Head leasing refurbishments (ii)(c)	199	202
Total non-current provisions	199	202
Total provisions	5 199	4 996

(i) This provision is an estimate of the LAHC's liability in respect of current insurance and legal claims.

(ii) In accordance with the terms of certain lease contracts entered into by the LAHC with private sector owners in respect of properties which are sub-let to eligible public housing tenants, the LAHC has a contractual obligation to refurbish these properties. Depending on the contract, the refurbishment must be undertaken either at expiry of the lease or during the fourth or seventh year of the lease term. It must be noted that in general this arrangement no longer applies to new headleasing contracts.

Movement in provisions

(a) The movement in current provisions for third party claim is as follows:

Balance, beginning of year	3 852	3 355
Payment	(3 228)	(2 195)
Increase in provision	3 344	2 692
Balance, end of year	3 968	3 852

(b) The movement in current provisions for head leasing refurbishments is as follows:

Balance, beginning of year	942	3 426
Payment	(1 333)	(1 185)
Increase/(decrease) in provision	1 423	(1 299)
Balance, end of year	1 032	942

(c) The movement in non-current provisions for Headleasing is as follows:

Balance, beginning of year	202	1 844
Payment	(33)	-
Increase/(decrease) in provision	30	(1 642)
Balance, end of year	199	202

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NOTE 26: DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

As result of the latest administrative restructure mentioned in Note 1, certain assets and liabilities were transferred from the LAHC to DFACS on 1 July 2011. The value of the net assets transferred were accounted for as a direct charge to equity, in accordance with AASB 1004 *Contributions and Australian Accounting Interpretation 1038 Contribution by Owners Made to Wholly – Owned Public Sector Entities*.

Details of the transfer are provided below:

	2013	2012
	\$'000	\$'000
Cash and cash equivalents	-	61 378
Receivables	-	1 174
Prepayments	-	526
Property, plant and equipment	-	20 636
Intangibles	-	55 271
Payables	-	(4 456)
Net assets transferred	-	134 529

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NSW LAND AND HOUSING CORPORATION
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NOTE 27: COMMITMENTS FOR EXPENDITURE

The commitments reported below are inclusive of Goods and Services Tax.

	2013	2012
	\$'000	\$'000
(i) Capital expenditure (a)		
Aggregate value of construction contracts and capital improvement commitments at the end of the reporting period		
Not later than one year	66 409	75 468
Later than 1 year but not later than 5 years	-	68 159
Later than 5 years	-	91 832
	66 409	235 459

(ii) Leases - Head leasing (b)

Aggregate value of lease commitments to the private sector in respect of dwellings used for public housing purposes under LAHC's head leasing program, contracted for at reporting date and not provided for:

Not later than one year	34 809	39 713
Later than 1 year but not later than 5 years	18 322	21 190
Later than 5 years	-	8 602
	53 131	69 505

(iii) Leases – Office rent

Aggregate value of lease commitments in respect of office accommodation contracted for at the end of the reporting period and not provided for:

Not later than one year	2 234	-
Later than 1 year but not later than 5 years	3 674	-
Later than 5 years	-	-
	5 908	-

(a) These commitments relate mainly to costs attributable to LAHC properties which will be used in the provision of rental accommodation. The GST included in the value of these particular commitments cannot be claimed from the ATO as they relate to an input taxed activity.

Also included in these commitments is \$3.6 million of NBESP program construction costs on properties which are expected to be vested to community housing providers. GST amounting to \$0.3 million in respect to these costs is claimable from the ATO.

(b) These represent rent payable by the LAHC in respect of current leases on properties leased in the private market to supplement housing stock and are sub-let to eligible tenants. As these costs directly relate to the provision of rental accommodation, an input taxed activity, the GST charged when these commitments are paid in the future cannot be claimed from the ATO.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 28: CONTINGENT ASSETS / CONTINGENT LIABILITIES

Contingent Asset

Following on from Note 8 (iii), additional work is being undertaken to quantify and claim LAHC's entitlement to GST input tax credits. LAHC has identified contingent assets from potential GST input tax credit claims, which at balance date have yet to be appropriately quantified and claimed.

Contingent Liability

As at the end of the reporting period, LAHC is not aware of any contingent liability, which will materially affect its financial position. However, there are a number of claims totalling \$18.0 million (2012: \$11.7 million) for which the LAHC may be liable.

NOTE 29: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO (DEFICIT) FOR THE YEAR

	2013 \$'000	2012 \$'000
Deficit for the year	(195 245)	(156 125)
Remeasurement - borrowings	23 161	4 665
Other non-cash items	(24 590)	(12 205)
Amortisation of prepaid land contribution	561	504
Loss/(gain) on sale of assets (note 15(i) (iv))	11 158	(624)
Property transfers to Aboriginal Housing Office (note 13)	35 971	30 182
Property transfers to DFACS (note 13)	2 712	-
Assets demolished (note 15(ii))	24 025	41 933
Assets written off (note 15(iii))	10 039	13 362
Depreciation and amortisation (note 12)	321 506	296 347
Increase in provision for impairment of receivables	4 666	222
Increase/(decrease) in other provisions	203	(3 627)
Increase/(decrease) in payables	40 400	(34 097)
Decrease/(increase) in receivables	(7 238)	68 666
Increase in prepayments	(686)	(1 760)
Net cash from operating activities	246 643	247 443

NOTE 30: NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, LAHC transferred/received properties to/from the Aboriginal Housing Office amounting to \$36.0 million (2012: \$30.2 million) and \$0.1 million (2012: \$0.6 million) respectively. These investing transactions did not result in cash flows, but affected the assets and liabilities reported in the Statement of Financial Position.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS

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

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

Treasury management policies have been established to identify and analyse the risks faced by the LAHC, to set risk limits and controls and to monitor risks. Compliance with the policies are reported to the Executive and the Audit and Risk Committee.

The Corporation has exposure to the following risks from the use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

(a) Credit Risk

Credit risk arises when there is the possibility of the LAHC's debtors defaulting on their contractual obligations, resulting in a financial loss to the LAHC. 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 LAHC, including cash, receivables and authority deposits. No collateral is held by LAHC. It has not granted any financial guarantees.

Credit risk associated with the LAHC'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. Investments in term deposits are limited to Australian banks (CBA, NAB, Suncorp, Bankwest, Westpac, ANZ, St George) and Australian subsidiaries of appropriately rated foreign banks (HSBC & ING).

The LAHC's maximum exposure is the carrying amount of financial assets, net of allowance for impairment as detailed further in the following note disclosures.

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS (continued)

Cash

Cash comprises cash on hand, bank balances and authority deposits with financial institutions including NSW Treasury Corporation (TCorp). LAHC's main transaction banking account is held with Westpac Banking Corporation. Interest earned on the Westpac bank account is 85 basis points above the Reserve Bank of Australia's cash rate target.

Receivables

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.

i) Rental debtors

Rental debtors relate to the rental housing assistance provided to people on low-to-moderate income across NSW. These receivables have a high credit risk with no identifiable concentrations of credit risk. The credit quality of debts which are neither past due or impaired is considered to be moderate.

Arrears management policies and processes are applied to manage credit risk associated with these receivables. These policies and procedures include:

- Speedy follow-up of debtors who fall into arrears via letters, telephone calls, or direct contact.
- Negotiation of payment arrangement with debtors.
- Use of debt collection agencies for certain debtors.

ii) Other debtors

No identified concentrations of risk exist in relation to the LAHC's other debtors. The credit quality of debts within this category which are neither past due or impaired is assessed to be high. To minimise risk, timely monitoring and management of overdue accounts is conducted, including prompt follow-up of outstanding debts with letters and telephone calls. A debt collection agency is also used for certain debtors.

Ageing of Financial Assets by Class for Assets Past Due or Impaired (AASB 7 para 37(b)):

	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}	Total ^{1,2}
	\$'000	\$'000	\$'000
2013			
< 3 months overdue	3 774	6 956	10 730
3 months - 6 months overdue	284	2 033	2 317
> 6 months overdue	584	14 257	14 841
2012			
< 3 months overdue	210	10 566	10 776
3 months - 6 months overdue	941	2 203	3 144
> 6 months overdue	-	13 076	13 076

1. Each column in the table reports 'gross receivables'.

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

NSW LAND AND HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS (continued)

iii) Mortgage Assistance Scheme (MAS)

The Mortgage Assistance Scheme provides short-term help for people experiencing temporary difficulties with their home loan repayments because of an unavoidable change in circumstances. Mortgage assistance is not a grant but a loan to be repaid at a future time.

Mortgage assistance is provided as a loan which is paid directly to the home lender. The loan is usually payment of home loan arrears and/or subsidy towards the home loan repayments of the debtor. The LAHC lodges a caveat on the property to protect its interests.

Authority Deposits with Financial Institutions and Fixed Interest Investments

The LAHC has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' or for a fixed term. The LAHC also has fixed term deposit investments with Australian banks and Australian subsidiaries of appropriately rated foreign banks. The credit rating for St George, Westpac, CBA, NAB and HSBC is A1+ for short term investments. Suncorp and ING is rated A1 for short term investments.

The interest rates for fixed term deposits are negotiated initially and are fixed for the term of the investment, while the interest rate payable on at call deposits can vary. The average interest rates on deposits at balance date are disclosed in (b) below. Over the year the weighted average interest rate on the investment portfolio was 4.01% (2012: 5.28%) on an average balance during the year of \$149 million (2012: \$84 million). None of these assets are past due or impaired.

(b) Liquidity Risk

Liquidity risk is the risk that the LAHC will be unable to meet its payment obligations when they fall due. The LAHC continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The LAHC's exposure to liquidity risk has been managed in accordance with LAHC's Treasury Management Policy.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made no later than 30 days from the date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the 30 day period, simple interest is normally paid unless an existing contract specifies otherwise.

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NSW LAND AND HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS (continued)

The table below summarises the maturity profile of the LAHC's financial assets and liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial assets and liabilities

2013	Weighted Average Effective Interest Rate %	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
Financial assets								
Cash on hand and at bank	3.35	154 366	-	153 654	712	154 366	-	-
TCorp Hour Glass Facility	3.37	8 539	-	8 539	-	8 539	-	-
Total Cash		162 905	-	162 193	712	162 905	-	-
Receivables (i)		33 174	-	-	33 174	33 174	-	-
Other financial assets:								
Short term	4.78	71 798	71 240	54	504	71 798	-	-
Medium term	-	1 593	-	-	1 593	-	1 593	-
Total financial assets		269 470	71 240	162 247	35 983	267 877	1 593	-
Financial liabilities (ii)								
Payables (iii) :								
Accrued salaries, wages and on-costs	-	9 617	-	-	9 617	9 617	-	-
Trade creditors	-	25 578	-	-	25 578	25 578	-	-
Accrued operating expenditure	-	73 764	-	-	73 764	73 764	-	-
Accrued capital expenditure	-	49 875	-	-	49 875	49 875	-	-
Other	-	65 700	-	-	65 700	14 386	51 314	-
Borrowings:								
Commonwealth loans	4.53	1 252 464	1 252 464	-	-	64 383	248 053	940 028
TCorp borrowings								
MRP Loan	5.85	194 164	194 164	-	-	11 070	127 037	56 057
OCH Loan	9.71	31 426	31 426	-	-	2 365	29 061	-
Crown Entity	4.75	40 291	40 291	-	-	13 430	26 861	-
Finance Lease	-	73 248	-	-	73 248	6 916	23 081	43 251
Other	4.64	10 490	10 490	-	-	740	2 921	6 829
Total financial liabilities		1 826 617	1 528 835	-	297 782	272 124	508 328	1 046 165

Notes:

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

(ii) 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 Statement of Financial Position.

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

NSW LAND AND HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS (continued)

The table below summarises the maturity profile of the LAHC's financial assets and liabilities, together with the interest rate exposure.

Maturity Analysis and interest rate exposure of financial assets and liabilities

2012	Weighted Average Effective Interest Rate %	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
Financial assets								
Cash on hand and at bank	3.99	18 962	-	18 844	118	18 962	-	-
TCorp Hour Glass Facility	4.07	10 913	-	10 913	-	10 913	-	-
Total Cash		29 875	-	29 757	118	29 875	-	-
Receivables (i)		31 371	-	-	31 371	31 371	-	-
Other financial assets:								
Short term	5.92	67 377	66 693	54	630	67 377	-	-
Medium term	-	1 773	-	-	1 773	-	1 773	-
Total financial assets		130 396	66 693	29 811	33 892	128 623	1 773	-
Financial liabilities (ii)								
Payables (iii) :								
Accrued salaries, wages and on-costs	-	12 617	-	-	12 617	12 617	-	-
Trade creditors	-	26 199	-	-	26 199	26 199	-	-
Accrued operating expenditure	-	35 580	-	-	35 580	35 580	-	-
Accrued capital expenditure	-	65 383	-	-	65 383	65 383	-	-
Other	-	57 426	-	-	57 426	57 426	-	-
Borrowings:								
Commonwealth loans	4.53	1 317 613	1 317 613	-	-	65 149	251 890	1 000 574
TCorp borrowings								
MRP Loan	5.90	199 053	199 053	-	-	9 065	132 039	57 949
OCH Loan	9.71	33 397	33 397	-	-	2 365	31 032	-
Crown Entity	4.75	53 721	53 721	-	-	13 430	40 291	-
Finance Lease	-	59 117	-	-	59 117	5 580	17 139	36 398
Other	4.64	11 230	11 230	-	-	740	2 940	7 550
Total financial liabilities		1 871 336	1 615 014	-	256 322	293 534	475 331	1 102 471

Notes:

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

(ii) 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 Statement of Financial Position.

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

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS (continued)

(c) 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 LAHC's exposures to market risk are primarily through interest rate risk on borrowings and other price risks associated with the movement in the unit price of the TCorp Hour Glass investment facilities and short-term deposits. The LAHC has no exposure to foreign currency risk and does not enter into commodity contracts.

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

i) Interest Rate Risk

Exposure to interest rate risk arises primarily through the LAHC's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The LAHC does not account for any fixed rate financial instruments at fair value through profit or loss or as available for sale. A reasonably possible change of interest rates 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 LAHC's exposure to interest rate risk is set out below.

		\$'000			
	Carrying amount	1% Profit	1% Equity	-1% Profit	-1% Equity
2013					
Financial assets					
Cash and cash equivalents	162 905	1 629	1 629	(1 629)	(1 629)
Receivables	33 174	332	332	(332)	(332)
Short term investments	71 798	718	718	(718)	(718)
Other	1 593	16	16	(16)	(16)
Financial liabilities					
Payables	(224 534)	(2 245)	(2 245)	2 245	2 245
State advances - Commonwealth loans	(449 289)	(4 493)	(4 493)	4 493	4 493
TCorp borrowings	(185 506)	(1 855)	(1 855)	1 855	1 855
Crown Entity	(36 300)	(363)	(363)	363	363
Finance lease - Bonnyrigg	(29 546)	(295)	(295)	295	295
Other	(7 415)	(74)	(74)	74	74
2012					
Financial assets					
Cash and cash equivalents	29 875	299	299	(299)	(299)
Receivables	31 371	314	314	(314)	(314)
Short term investments	67 377	674	674	(674)	(674)
Other	1 773	18	18	(18)	(18)
Financial liabilities					
Payables	(197 204)	(1 972)	(1 972)	1 972	1 972
State advances - Commonwealth loans	(463 891)	(4 639)	(4 639)	4 639	4 639
TCorp borrowings	(186 596)	(1 866)	(1 866)	1 866	1 866
Crown Entity	(47 182)	(472)	(472)	472	472
Finance lease - Bonnyrigg	(20 850)	(209)	(209)	209	209
Other	(7 800)	(78)	(78)	78	78

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS (continued)

ii) Other price risk – TCorp Hour Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2013 \$'000	2012 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	8 539	10 913

The unit price of the 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.

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

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

TCorp provides sensitivity analysis information for each facility, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). 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). TCorp has advised that a reasonable possible change is based on the percentage change in unit price multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

	Change in unit price	Impact on profit / loss	
Hour Glass Investment - Cash facility	+/-1%	85	109

NSW LAND AND HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS (continued)

d) Fair value compared to carrying amount

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

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

Non-derivative Financial Assets and Liabilities	Net Carrying Amount		Fair Value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assets				
Cash and cash equivalents	162 905	29 875	162 905	29 875
Receivables (i)	33 174	31 371	33 174	31 371
Other financial assets (note 18)				
Short term investments	71 798	67 377	71 798	67 377
Other	1 593	1 773	1 593	1 773
Total financial assets	269 470	130 396	269 470	130 396
Financial liabilities				
Payables (ii)	224 534	197 204	224 534	197 204
Interest bearing liabilities (note 24)				
Commonwealth loans	449 289	463 891	449 289	463 891
Treasury Corporation loans	185 506	186 596	201 238	206 915
Crown Entity	36 300	47 182	36 300	47 182
Finance lease - Bonnyrigg	29 546	20 850	29 546	20 850
Other loans	7 415	7 800	7 415	7 800
Total interest bearing liabilities	708 056	726 319	723 788	746 638
Total financial liabilities	932 590	923 523	948 322	943 842

(i) Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

(ii) Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NOTE 31: FINANCIAL INSTRUMENTS (continued)

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

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

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

2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value				
Short term	-	267 877	-	267 877
Other	-	1 593	-	1 593
Total assets at fair value	-	269 470	-	269 470

There were no transfers between level 1 and 2 during the current financial year.

2012	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value				
Short term	-	128 623	-	128 623
Other	-	1 773	-	1 773
Total assets at fair value	-	130 396	-	130 396

NOTE 32: Bonnyrigg Living Communities Public/Private Partnership project

The Bonnyrigg Living Communities Project is a public/private partnership between the LAHC and the Project Company, New Leaf Communities (previously known as Bonnyrigg partnerships Nominee Pty. Limited).

During the year, the entities providing redevelopment services to the Project Company were placed under receivership (being the Becton Property Group and its subsidiary Bonnyrigg Development). As at 30 June 2013, stages 1 to 3 of this project have been completed, with 152 new dwellings leased to public housing tenants and 211 dwellings sold privately. Whilst land in stages 4 and 5 has been fully prepared for construction purposes, no further construction will be undertaken at this site until the Steering Committee comprising senior officers from the LAHC, Office of Finance and NSW Treasury decide on the future of this project.

As at reporting date there was no financial and /or legal exposure that was required to be reported in the financial statements.

NSW LAND AND HOUSING CORPORATION NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2013

NOTE 33: AFTER BALANCE DATE EVENTS

Vesting of properties to community housing providers

It is the New South Wales Government's priority to improve housing affordability for its constituents. To support this priority, on 31 July 2013, the Governor General approved the vesting of 1,302 properties to community housing providers. The carrying amount of these properties at reporting date is \$221.9 million. In prior years, 3,099 properties with a carrying amount of \$945.7 million were also vested to community housing providers. These community housing providers will leverage the vested properties to borrow funds from the private sector to invest in additional housing stock.

The Governor General's order to vest the 1,302 properties was published in the Government Gazette on 16 August 2013.

END OF AUDITED FINANCIAL STATEMENTS

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NSW LAND AND HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR YEAR ENDED 30 JUNE 2013

NSW LAND AND HOUSING CORPORATION

Register of Land Held

STATEMENT OF FINANCIAL POSITION

	2013 \$'000	2012 \$'000
Residential properties	17 550 414	16 211 984
Land for redevelopment	295 745	264 753
Finance Leased Properties	9 820	7 972
Vacant land	41 705	41 549
Land under Roads	51 446	49 685
Commercial properties	24 770	25 075
Community purpose built properties	34 294	41 995
Assets held for sale		
Residential properties	10 557	6 607
Vacant Land	6 733	2 581
Total	18 025 484	16 652 201

Land values as disclosed in the notes to the financial statements and in documentation supporting the notes.

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Appendix 1 – Accounts payable performance

Aged analysis at the end of each quarter

Quarter	Current (i.e. within due date) \$'000	Less than 30 days overdue \$'000	Between 30 and 60 days overdue \$'000	Between 61 and 90 days overdue \$'000	More than 90 days overdue \$'000
All suppliers					
September 2012	10,936	0	26	0	0
December 2012	8,007	0	0	0	0
March 2013	9,242	0	0	0	0
June 2013	17,208	3	55	0	0
Small business suppliers¹					
September 2012	226	0	0	0	0
December 2012	9	0	0	0	0
March 2013	27	0	0	0	0
June 2013	1,400	0	0	0	0

1. In accordance with Treasury Circular NSW TC 11/12 Payment of Accounts, the payment of accounts policy for small business suppliers was implemented during the financial year ended 30 June 2013.

Accounts due or paid within each quarter

Measure	September 2012	December 2012	March 2013	June 2013
All suppliers				
Number of accounts due for payment	145,842	149,606	147,622	147,511
Number of accounts paid on time	145,717	149,561	147,609	147,467
Actual percentage of accounts paid on time (based on number of accounts)	99.91%	99.97%	99.99%	99.97%
Dollar amount of accounts due for payment	\$274,375,183	\$267,247,309	\$226,419,929	\$223,906,062
Dollar amount of accounts paid on time	\$274,298,683	\$267,221,681	\$226,386,497	\$223,883,263
Actual percentage of accounts paid on time (based on \$)	99.97%	99.99%	99.99%	99.99%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers¹				
Number of accounts due for payment	2,093	1,606	1,345	1,740
Number of accounts paid on time	2,034	1,605	1,345	1,740
Actual percentage of accounts paid on time (based on number of accounts)	97.18%	99.94%	100%	100%
Dollar amount of accounts due for payment	\$5,122,008	\$4,618,191	\$2,797,136	\$5,402,672
Dollar amount of accounts paid on time	\$5,070,780	\$4,611,811	\$2,797,136	\$5,402,672
Actual percentage of accounts paid on time (based on \$)	99.00%	99.86%	100%	100%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

1. In accordance with Treasury Circular NSW TC 11/12 Payment of Accounts, the payment of accounts policy for small business suppliers was implemented during the financial year ended 30 June 2013.

Appendix 2 – Annual report preparation

In compliance with the Premier's Memorandum M2013–09 *Production Costs of Annual Reports*, LAHC annual report was produced internally with hard copies printed and compiled using existing desktop equipment in house.

The report is also available in PDF on FACS website www.facs.nsw.gov.au.

Appendix 3 – Consultants

Engagements over \$50,000

Consultant	Category & Purpose	Expenditure
INS Career Management Pty Ltd	Management Services – advisory services on the workforce plan required for the new maintenance contract	\$108,000
MBMpl P/L	Management Services – advisory services provided in relation to the project direction, pre-tender estimate development and performance management framework for the new maintenance contract	\$59,455
PCI Group Pty Ltd	Management Services – advisory services on the incentive arrangements required for the new maintenance contract	\$22,326
The Trustee for Norton Crumlin	Management Services – advisory services in relation to the Transition Plan and the Pilot Program of the new maintenance contract	\$419,355
Total engagements over \$50,000		\$609,136

Engagements under \$50,000

Category	Number of engagements	Expenditure
Management Services	2	\$45,078
Organisational Review	1	\$33,000
Total engagements under \$50,000		\$78,078

Appendix 4 – Consumer response

During 2012–13, the Client Feedback unit at Housing NSW managed collection of consumer response data for LAHC. The information collected is valuable in assisting LAHC to improve its service delivery.

Clients can contact the unit on 1300 HOUSING (1300 468 746) between 8.30am and 4.30pm Monday to Friday (excluding public holidays) or send written feedback by post, fax or email to feedback@facs.nsw.gov.au.

Category	2011–12		2012–13	
	Number	%	Number	%
Contractors feedback	24	0.5	11	0.2
Combination of LAHC and Housing NSW				
Complaints	4,398	82.6	5,055	88.9
Compliments	445	8.3	388	6.8
General enquiries	428	8.0	205	3.6
Suggestions	32	0.6	30	0.5
Total	5,327	100	5,689	100

While all contractors' feedback relates to LAHC exclusively, the complaints, compliments, general enquiries and suggestions relate to feedback received for both LAHC and Housing NSW.

Appendix 5 – Credit card certification

Credit card use by staff providing personnel services to LAHC was in accordance with NSW Government guidelines.

Appendix 6 – Disclosure of controlled entities

LAHC did not have a controlling interest in any entity for the financial year ended 30 June 2013.

Appendix 7 – Employment and equal opportunity statistics

Employees providing services to LAHC

Employment Category	At 30 June 2010 ¹	At 30 June 2011 ²	At 30 June 2012 ³	At 30 June 2013 ³
Permanent	2075	2054	481	453
Temporary	453	416	47	44
Senior Executive	14	12	4	11
Casual	0	0	0	0
Other	9	3	3	0
Total	2551	2485	535	508

Number of executive positions

Senior Executive Service positions by level	At 30 June 2010 ¹	At 30 June 2011 ²	At 30 June 2012 ³	At 30 June 2013 ³
8	0	0	0	0
7	1	1	0	0
6	1	1	0	1
5	3	4	1	0
4	6	7	3	4
3	1	0	0	3
2	1	1	0	2
1	0	0	0	1
Total	13	14	4	11
Positions filled by women	5	4	1	2

1. The figures reported in this column represent the total staff number prior to the 2011 administrative restructure where Housing NSW and LAHC were a single entity under Department of Human Services (DHS).
2. The figures reported in this column represent the total staff number prior to the 2011 administrative restructure where Housing NSW and LAHC were a single entity under Department of Family and Community Services (FACS).
3. The figures reported in this column represent the total number of DFS employees providing personnel services to LAHC and reflect staff number reductions as a result of the 2011 administrative restructure when functions previously undertaken by LAHC were split between LAHC and Housing NSW.

Equal Employment Opportunity (EEO)

The EEO representation and distribution of DFS employees providing personnel services to LAHC are provided in the following tables.

Table A. Trends in the representation of EEO groups¹

EEO Group	Benchmark/ Target	% of total staff ²		
		2011	2012	2013
Women	50%	N/A	35.5%	33.1%
Aboriginal people and Torres Strait Islanders	2.6%	N/A	1.7%	1.3%
People whose first language spoken as a child was not English	19.0%	N/A	25.0%	23.7%
People with a disability	N/A	N/A	7.3%	7.0%
People with a disability requiring work-related adjustment	1.5%	N/A	2.2%	2.0%

Table B. Trends in the distribution of EEO groups

EEO Group	Benchmark/ Target	Distribution index ^{2,3,4}		
		2011	2012	2013
Women	100	N/A	90	93
Aboriginal people and Torres Strait Islanders	100	N/A	N/A	N/A
People whose first language spoken as a child was not English	100	N/A	95	102
People with a disability	100	N/A	100	99
People with a disability requiring work-related adjustment	100	N/A	N/A	N/A

Information for the above tables is provided by the Public Service Commission.

1. EEO statistics are based on staff numbers as at 20 June 2013.
2. Excludes casual staff.
3. A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.
4. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Major EEO outcomes in 2012–13

The diversity of people within DFS is one of its greatest strengths. Managing equity and diversity relates to creating an environment which values and utilises the contribution of people with different backgrounds, experiences and perspectives. Diversity also makes good business sense as it:

- increases innovation
- improves work practices
- recognises the value of individual differences
- enhances understanding of needs of diverse clients
- helps to address workforce challenges including skills shortages and ageing workforce.

Public Service Commission's People Matter Survey: Comparison of responses of staff within DFS and the sector relating to Equity and Diversity

Staff experiences about Equal Employment Opportunity	LAHC (%) Agree	Sector (%) Agree
Equal employment opportunity is provided in my organisation	84	85
Gender is not a barrier to success in my workgroup	92	88
Disability is not a barrier to success in my workgroup	92	86
Age is not a barrier to success in my workgroup	88	86
Cultural background is not a barrier to success in my workgroup	90	91
My organisation is committed to creating a diverse workforce	90	88

LAHC has performed better or on par with the sector on most aspects of diversity and inclusion, however, there remains an opportunity to improve. Following the administrative restructure that has transferred LAHC under the portfolio of FACS effective from 2 August 2013, LAHC will work with FACS on appropriate diversity strategies for the coming year.

Women

As staff providing personnel services to LAHC were employees of DFS prior to the 2 August 2013 administrative restructure, LAHC has adopted the DFS Women Workforce Strategy aimed to attract, develop and retain women across all levels of the organisation.

Strategies for 2013–14

Following the administrative restructure that has transferred LAHC under the portfolio of FACS effective from 2 August 2013, LAHC will develop EEO strategies and diversity initiatives in alignment with FACS strategies.

Appendix 8 – Funds granted to non government community organisations

LAHC does not grant funds to non government community organisations.

Appendix 9 – Government Information (Public access) statistics

LAHC received six access applications under the *Government Information (Public Access) Act 2009* (the GIPA Act) in 2012–13. Additionally, the Information Commissioner reviewed one application under Part 5 of the Act.

Statistical information as described in Schedule 2 of the GIPA Regulation 2009 is provided below.

Table A. Number of applications by type of applicant and outcome¹

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	2	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	3	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	1

1. More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B. Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications ¹	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	5	0	0	0	0	0	0	1
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

1. A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C. Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	1
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	1
Invalid applications that subsequently became valid applications	0

Table D. Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

	Number of times consideration used ¹
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

1. More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E. Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	2
Business interests of agencies and other persons	2
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F. Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	3
Decided after 35 days (by agreement with applicant)	2
Not decided within time (deemed refusal)	1
Total	6

Table G. Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner ¹	0	1	1
Internal review following recommendation under section 93 of Act	0	0	0
Review by Administrative Decisions Tribunal	0	0	0
Total	0	1	1

1. The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H. Applications for review under Part 5 of the Act (by type of applicant)

	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Appendix 10 – Investment performance

LAHC derives its investment powers from Part 2, Schedule 4 of the *Public Authorities (Financial Arrangements) Act 1987* as amended. During the year, LAHC continued to invest surplus cash flows in the NSW Treasury Corporation (TCorp) Hour Glass Investment facilities and money market facilities with Australian banks and Australian subsidiaries of appropriately rated foreign banks. The rate of return on these investments was 5.14 percent compared to TCorp Hour Glass rate 3.37 percent.

Housing Reserve Fund

The Housing Reserve Fund forms part of LAHC. Short-term funds in the Housing Reserve Fund were invested with Australian banks and Australian subsidiaries of appropriately rated foreign banks. The rate of return was 4.74 percent compared to TCorp Hour Glass rate 3.37 percent.

Appendix 11 – Land disposal

The Acquisition and Disposal unit within the Projects division manages the purchasing and selling of properties.

Properties were sold because they were inappropriately located to best serve housing needs, were deemed unsuitable for the needs of clients, or were uneconomical to maintain, repair or redevelop.

In some cases, under the community regeneration initiative, it was necessary to reduce the concentration of public housing on estates by integrating private housing with social housing. In other cases, public housing tenants applied to purchase their homes. Sales proceeds were reinvested to support LAHC's capital programs.

There was no sale of property with a value greater than \$5 million in 2012–13. Access to documents relating to land disposal may be obtained under the GIPA Act. For more information, go to www.facs.nsw.gov.au.

Appendix 12 – Legislation administered and legal change

Principal Act administered

- *Housing Act 2001* No 52.

Amendments to legislation and regulations

- *Marine Safety Amendment (Domestic Commercial Vessel National Law Application) Act 2013*

Amended Section 69B of the *Housing Act 2001* by omitting “registrable vessels” from section 69B(1)(f) and inserting instead “State registrable vessels”.

- *Road Transport Legislation (Repeal and Amendment) Act 2013*

Amended Section 69B of the *Housing Act 2001* by omitting section 69B(1)(a) and (b) and inserting instead:

- the NSW driver licence register within the meaning of the *Road Transport Act 2013*,
- the NSW registrable vehicles register within the meaning of the *Road Transport Act 2013*.

Appendix 13 – Liability management performance

As at 30 June 2013, the nominal value of LAHC's debt portfolio was \$1,033 million. This comprises \$777 million in advances from the Australian Government, \$37 million in advances from the NSW Government, \$182 million in loans payable to TCorp and \$37 million in loans from other sources.

LAHC retained the services of TCorp to manage the tradable portion of the debt portfolio.

For compliance purposes, LAHC's interest rate risk policy is measured in terms of modified duration. The modified duration range applied for financial year ended 30 June 2013 was 3.30 +/-0.30 (see table below).

During 2012–13, LAHC repaid \$40 million of its debts (\$29 million to the Australian Government and \$11 million to the NSW Government).

Debt performance

Modified duration for year ended	Position	Limit
30 June 2013	3.3995	3.00 – 3.60

Appendix 14 – Overseas travel

No staff providing personnel services to LAHC travelled overseas on official business in 2012–13.

Appendix 15 – Public interest disclosures

For the period of July 2012 to June 2013, no LAHC officials made public interest disclosures.

As staff providing personnel services to LAHC were employees of DFS for the financial year ended 30 June 2013, LAHC adopted and adhered to the DFS “Fraud and Corruption Internal Reporting Policy”. All staff were advised of this policy by means of an introduction by the Director-General of DFS via a pod-cast, brochures and training of senior management and nominated disclosure officers. Further training is planned for remaining staff in the future.

Following the administrative restructure that has transferred LAHC under the portfolio of FACS effective from 2 August 2013, LAHC will adhere to FACS policy on public interest disclosures in the coming year.

Appendix 16 – Research and development

LAHC did not undertake any research and development projects during the year ended 30 June 2013.

Appendix 17 – Senior Executive Service performance

Anne Skewes

Deputy Director-General,
NSW Land and Housing Corporation, SES 6

Remuneration package: \$ 349,797

Period in position: Anne Skewes commenced with LAHC on 27 May 2013. Performance review will be undertaken for the next reporting period.

2012–13 highlights:

- finalised the Asset Portfolio Strategy for government approval
- commenced the review of priority projects
- reviewed LAHC funding arrangements.

Ken Kanofski

Executive Director,
Housing and Property Group, SES 6

Remuneration package: \$ 358,666

Period in position: July 2012 to June 2013.

The Director-General, Department of Finance and Services, has expressed satisfaction with Mr Kanofski's performance for the period of appointment with regard to agreed performance criteria.

2012–13 highlights:

- developed the Asset Portfolio Strategy
- implemented Property Asset Utilisation Taskforce recommendations
- implemented the new LAHC organisation structure
- developed and commenced implementation of LAHC financial performance plan.

Appendix 18 – Significant judicial decisions

There were no significant judicial decisions impacting on LAHC.

Appendix 19 – Waste Reduction and Purchasing Policy

LAHC is committed to implement Waste Reduction and Purchasing Policy (WRAPP) initiatives that reduce waste generation, increase resource recovery and use materials with recycled content.

LAHC is aiming to achieve a target of 63 percent resource recovery of waste generated by 2015. LAHC contractor resource recovery target is 76 percent.

A Green Waste Guide was developed for maintenance contractors to identify options to reuse and recycle green waste from grass mowing and tree pruning activities. In 2012–13, two contractors conducted pilot projects across 24 sites to trial the onsite reuse and recycling of green waste as part of lawns and grounds maintenance activities. A total of 119 m³ of green waste was reused onsite over a six month period during the pilot projects.

LAHC purchases office paper with a minimum of 50 percent recycled content. Office paper consumption is expected to decrease through the implementation of electronic document management systems.

LAHC will continue to drive sustainability initiatives across the organisation through its Environmental Sustainability Strategy, which includes the following actions.

- Implement programs to reduce waste generation and increase recycling rates for office buildings.
- Support contractors to reduce resource use, prevent and avoid waste, increase resource recovery and use of secondary materials.
- Incorporate environmental sustainability principles and requirements into procurement of services, new supply and disposal of assets.
- Promote green procurement through LAHC purchasing power and help suppliers and contractors to improve environmental standards for products.

Appendix 20 – NSW Land and Housing Corporation head office

223 – 239 Liverpool Road
Ashfield NSW AUSTRALIA 2131
Tel: (02) 8753 8000
Fax: (02) 8753 8888
Hours: Mon to Fri 8.30 am – 4.30 pm
Post: Locked Bag 4001
Ashfield BC NSW 1800
www.facs.nsw.gov.au

During the 2013–14 financial year, LAHC head office will be relocating to 168 Liverpool Road, Ashfield.

LAHC Compliance Checklist

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