

2024–25 Annual Report

Volume 3 – Audited Financial Statements



November 2025

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1 Department of Communities and Justice

Financial statements for the year ended 30 June 2025



INDEPENDENT AUDITOR'S REPORT

Department of Communities and Justice

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Department of Communities and Justice (the Department) and the consolidated entity, which comprise the Statement by the Secretary, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information and other explanatory information of the Department and the consolidated entity. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the financial position, financial performance and cash flows of the Department and the consolidated entity.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Department and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Key Audit Matters

Australian Auditing Standard ASA 701 'Communicating Key Audit Matters in the Independent Auditor's Report' applies to the audit of the general purpose financial statements of listed entities or when an auditor is required by legislation to communicate key audit matters in the auditor's report. There is no legislative requirement to communicate key audit matters in my independent audit report on the Department. I have voluntarily included a narrative on Key Audit Matters to enhance the readability of my audit opinion.

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2025. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

Key Audit Matter	How my audit addressed the matter
Victim Support Scheme claims liabilities and associated contingent liabilities	
The liability for VSS claims relates to lodged but not yet paid claims and incurred but not reported (IBNR) claims. At 30 June 2025, the Department reported: - a liability for lodged but not yet paid claims and IBNR claims related to domestic violence and other offences of \$205 million and \$352 million respectively, based on management's judgement and actuarial expertise - a contingent liability for IBNR claims relating to child sexual assault; due to the significant uncertainty associated with the estimation of the potential liability. I considered this to be a key audit matter because: - of the financial significance of the liability and contingent liability - of the extent of significant management judgements used in estimating and reliably measuring VSS claims liabilities - a minor change in assumptions can result in a material change in the liability and corresponding change to the net result - management engaged an independent actuary to determine the Department's outstanding claims liability. Details on the liabilities for VSS claims, together with the estimation uncertainties, are disclosed in Notes 20 and 24 of the financial statements.	Key audit procedures included the following: - evaluated the design and implementation of relevant key controls over the claims handling process (including data inputs and data quality) - assessed the competence, capability, and objectivity of management's independent actuary - evaluated the nature and extent of management's oversight and review of the estimates determined by their actuary - with the assistance of our own independent expert, assessed: - the reasonableness of the valuation methodology and key actuarial assumptions and judgements used by management's actuary in estimating the liability for lodged but not yet paid claims and IBNR claims related to domestic violence and other offences - the accuracy and completeness of the lodgements and payments data - the key actuarial assumptions and judgements used in forecasting expected IBNR claims related to child sexual assault - the appropriateness of management's conclusion as to whether a reliable estimate of IBNR claims related to child sexual assault could be reliably measured, including the reasonableness of key actuarial assumptions and management judgements applied - the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards.

The Secretary's Responsibilities for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulation and Treasurer's Directions. The Secretary's responsibility also includes such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the ability of the Department and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/media/5fkcysek/ar5_2024.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Department and the consolidated entity carried out their activities effectively, efficiently and economically
- on the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Joan Rey Uyanguren
A/Director, Financial Audit

Delegate of the Auditor-General for New South Wales

26 September 2025
SYDNEY

STATEMENT BY THE SECRETARY

for the year ended 30 June 2025

Pursuant to Section 7.6(4) of the *Government Sector Finance Act 2018* ('the GSF Act'), I state that:

- (a) The accompanying financial statements and notes have been prepared in accordance with:
- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
 - the applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2024*; and
 - the Treasury Directions issued under the GSF Act.
- (b) The financial statements and notes present fairly the Department of Communities and Justice's financial position, financial performance and cash flows for the year ended 30 June 2025.



Michael Tidball
Secretary
Department of Communities and Justice

23 September 2025



Matt Easdown
Chief Financial Officer
Department of Communities and Justice

23 September 2025

Department of Communities and Justice
Statement of Comprehensive Income
for the year ended 30 June 2025

	Notes	PARENT			CONSOLIDATED	
		Actual	Budget	Actual	Actual	
		2025	2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000	\$'000
Continuing operations						
Expenses excluding losses						
Employee related expenses	2(a)	2,728,898	3,744,103	3,562,441	2,728,898	3,562,441
Operating expenses	2(b)	1,367,141	1,714,536	1,891,443	1,367,372	1,891,664
Depreciation and amortisation	2(c)	243,267	374,312	384,243	243,469	384,438
Grants and subsidies	2(d)	13,024,322	16,009,953	11,450,037	13,024,322	11,450,037
Finance costs	2(e)	14,218	46,967	34,902	14,218	34,902
Other expenses		-	44,076	-	-	-
Total expenses excluding losses		17,377,846	21,933,947	17,323,066	17,378,279	17,323,482
Revenue						
Appropriation (net of transfer payments)	3(a)	17,201,481	21,734,064	16,008,343	17,201,481	16,008,343
Sale of goods and services from contracts with customers	3(b)	435,735	650,252	385,890	435,735	385,890
Investment revenue	3(c)	230	22	1,058	230	1,116
Retained taxes, fees and fines	3(d)	23,867	25,181	26,142	23,867	26,142
Grants and other contributions	3(e)	213,305	184,605	157,014	213,305	157,014
Personnel services revenue	3(f)	212,673	-	144,653	212,673	144,653
Acceptance by the Crown of employee benefits and other liabilities	3(g)	83,842	120,235	165,293	83,842	165,293
Other income	3(h)	117,612	158,961	120,474	117,838	120,694
Total revenue		18,288,745	22,873,320	17,008,867	18,288,971	17,009,145
Operating result		910,899	939,373	(314,199)	910,692	(314,337)
Losses on disposal	4	(34,291)	-	(25,261)	(34,291)	(25,261)
Impairment reversals/(losses) on financial assets		(188)	-	(2,661)	(188)	(2,661)
Other gains/(losses)	5	(8,580)	-	2,090	(8,580)	2,090
Net result from continuing operations		867,840	939,373	(340,031)	867,633	(340,169)
Other comprehensive income						
<i>Items that will not be reclassified to net result in subsequent periods</i>						
Net change in revaluation surplus of property, plant and equipment	13	191,611	-	680,827	191,873	681,605
Total other comprehensive income		191,611	-	680,827	191,873	681,605
TOTAL COMPREHENSIVE INCOME		1,059,451	939,373	340,796	1,059,506	341,436

The accompanying notes form part of these financial statements.

Department of Communities and Justice
Statement of Financial Position
as at 30 June 2025

	Notes	PARENT			CONSOLIDATED	
		Actual	Budget	Actual	Actual	
		2025	2025	2024	2025	2024
		\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current Assets						
Cash and cash equivalents	9	173,287	130,473	233,617	174,678	235,012
Receivables	10	390,599	487,715	321,122	390,599	321,122
Inventories	11	-	25,401	21,083	-	21,083
Derivative assets	12	9	-	-	9	-
		563,895	643,589	575,822	565,286	577,217
Non-current assets held for sale	16	120,700	101	101	120,700	101
Total Current Assets		684,595	643,690	575,923	685,986	577,318
Non-Current Assets						
Receivables	10	32,171	31,139	31,966	32,171	31,966
Derivative assets	12	-	-	2,274	-	2,274
Property, plant and equipment	13					
Land and buildings		5,122,311	10,181,592	9,287,369	5,134,423	9,299,422
Plant and equipment		306,862	749,713	732,613	306,862	732,613
Total property, plant and equipment		5,429,173	10,931,305	10,019,982	5,441,285	10,032,035
Right-of-use assets	14	140,623	194,069	211,280	140,623	211,280
Intangible assets	15	67,608	98,740	97,036	67,608	97,036
Total Non-Current Assets		5,669,575	11,255,253	10,362,538	5,681,687	10,374,591
Total Assets		6,354,170	11,898,943	10,938,461	6,367,673	10,951,909
LIABILITIES						
Current Liabilities						
Payables	18	343,869	356,628	416,345	343,869	416,345
Borrowings	19	9,767	44,909	48,183	9,767	48,183
Derivative liabilities	12	81	-	-	81	-
Provisions	20	463,663	559,558	635,104	463,663	635,104
Other current liabilities	21	3,939	13,024	7,844	3,939	7,844
Total Current Liabilities		821,319	974,119	1,107,476	821,319	1,107,476
Non-Current Liabilities						
Borrowings	19	65,510	801,888	776,913	65,510	776,913
Provisions	20	482,654	420,555	449,252	482,654	449,252
Total Non-Current Liabilities		548,164	1,222,443	1,226,165	548,164	1,226,165
Total Liabilities		1,369,483	2,196,562	2,333,641	1,369,483	2,333,641
Net Assets		4,984,687	9,702,381	8,604,820	4,998,190	8,618,268
EQUITY						
Reserves		1,722,820	2,471,827	2,467,223	1,726,934	2,471,075
Accumulated funds		3,261,867	7,230,554	6,137,597	3,271,256	6,147,193
Total Equity		4,984,687	9,702,381	8,604,820	4,998,190	8,618,268

The accompanying notes form part of these financial statements.

Department of Communities and Justice
Statement of Changes in Equity
for the year ended 30 June 2025

PARENT				
	Notes	Accumulated funds \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Balance at 1 July 2024		6,137,597	2,467,223	8,604,820
Net result for the year		867,840	-	867,840
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	13	-	191,611	191,611
Transfer from asset revaluation reserve on disposal of assets		3,561	(3,561)	-
Total other comprehensive income		3,561	188,050	191,611
Total comprehensive income for the year		871,401	188,050	1,059,451
Transactions with owners in their capacity as owners				
Decrease in net assets from equity transfers - 1 October 2024	22(i)	(3,747,131)	(932,453)	(4,679,584)
Balance at 30 June 2025		3,261,867	1,722,820	4,984,687
PARENT				
	Notes	Accumulated funds \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Balance at 1 July 2023		6,290,051	1,787,446	8,077,497
Net result for the year		(340,031)	-	(340,031)
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	13	-	680,827	680,827
Transfer from asset revaluation reserve on disposal of assets		1,050	(1,050)	-
Total other comprehensive income		1,050	679,777	680,827
Total comprehensive income for the year		(338,981)	679,777	340,796
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers - 1 February 2024	22(ii)	186,527	-	186,527
Balance at 30 June 2024		6,137,597	2,467,223	8,604,820

The accompanying notes form part of these financial statements.

Department of Communities and Justice
Statement of Changes in Equity
for the year ended 30 June 2025

CONSOLIDATED

	Notes	Accumulated funds \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Balance at 1 July 2024		6,147,193	2,471,075	8,618,268
Net result for the year		867,633	-	867,633
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	13	-	191,873	191,873
Transfer from asset revaluation reserve on disposal of assets		3,561	(3,561)	-
Total other comprehensive income		3,561	188,312	191,873
Total comprehensive income for the year		871,194	188,312	1,059,506
Transactions with owners in their capacity as owners				
Decrease in net assets from equity transfers - 1 October 2024	22(i)	(3,747,131)	(932,453)	(4,679,584)
Balance at 30 June 2025		3,271,256	1,726,934	4,998,190

CONSOLIDATED

	Notes	Accumulated funds \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Balance at 1 July 2023		6,299,785	1,790,520	8,090,305
Net result for the year		(340,169)	-	(340,169)
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	13	-	681,605	681,605
Transfer from asset revaluation reserve on disposal of assets		1,050	(1,050)	-
Total other comprehensive income		1,050	680,555	681,605
Total comprehensive income for the year		(339,119)	680,555	341,436
Transactions with owners in their capacity as owners				
Increase in net assets from equity transfers - 1 February 2024	22(ii)	186,527	-	186,527
Balance at 30 June 2024		6,147,193	2,471,075	8,618,268

The accompanying notes form part of these financial statements.

Department of Communities and Justice
Statement of Cash Flows
for the year ended 30 June 2025

		PARENT			CONSOLIDATED	
		Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000	Actual 2025 \$'000	Actual 2024 \$'000
Notes						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(2,594,570)	(3,660,530)	(3,299,279)	(2,594,570)	(3,299,279)
Suppliers for goods and services		(1,840,253)	(1,913,291)	(2,247,209)	(1,840,483)	(2,247,431)
Grants and subsidies		(13,025,428)	(16,170,991)	(11,451,428)	(13,025,428)	(11,451,428)
Finance costs		(13,701)	(46,956)	(34,328)	(13,701)	(34,328)
Total payments		(17,473,952)	(21,791,768)	(17,032,244)	(17,474,182)	(17,032,466)
Receipts						
Appropriations (excluding equity appropriations)		17,201,481	21,734,064	16,008,343	17,201,481	16,008,343
Sale of goods and services		574,111	650,252	556,270	574,111	556,270
Retained taxes, fees and fines		23,867	-	26,142	23,867	26,142
Interest received		230	22	1,058	230	1,116
Grants and other contributions		213,321	184,605	151,627	213,321	151,627
Other		499,612	555,759	571,942	499,838	572,162
Total receipts		18,512,622	23,124,702	17,315,382	18,512,848	17,315,660
NET CASH FLOWS FROM OPERATING ACTIVITIES	26	1,038,670	1,332,934	283,138	1,038,666	283,194
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		41	-	91	41	91
Purchase of property, plant and equipment and intangible assets		(999,672)	(1,247,210)	(208,371)	(999,672)	(208,371)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(999,631)	(1,247,210)	(208,280)	(999,631)	(208,280)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of borrowings		(8,243)	(33,015)	(30,950)	(8,243)	(30,950)
Payment of principal portion of lease liabilities		(11,283)	-	(15,458)	(11,283)	(15,458)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(19,526)	(33,015)	(46,408)	(19,526)	(46,408)
NET INCREASE IN CASH AND CASH EQUIVALENTS						
Opening cash and cash equivalents		233,617	52,709	28,450	235,012	28,506
Decrease in cash due to equity transfers - 1 October 2024	22(i)	(79,843)	-	16,526	(79,843)	16,526
CLOSING CASH AND CASH EQUIVALENTS	9	173,287	130,473	233,617	174,678	235,012

The accompanying notes form part of these financial statements.

1. Statement of Material Accounting Policy Information

(a) Reporting entity

The Department of Communities and Justice (the Department) is a NSW government department and is controlled by the State of New South Wales, which is the ultimate parent. The Department is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

The parent Department as a reporting entity in 2024-25 incorporates:

- employee related transactions and balances of:
 - NSW Trustee and Guardian (including the Office of the Public Guardian)
 - Legal Profession Admission Board
 - Trustees of the Anzac Memorial Building
 - Legal Services Council
 - Office of Ageing and Disability Commissioner
 - Aboriginal Housing Office
 - NSW Land and Housing Corporation
 - Teacher Housing Authority of NSW.
- Courts and Tribunals
- Corrective Services NSW (including Corrective Services Industries) (Refer to Note 1(b))
- Youth Justice NSW
- NSW Office of Veterans Affairs
- Family and Community Services
- Homes NSW (excluding the Aboriginal Housing Office, NSW Land and Housing Corporation and Teacher Housing Authority of NSW which are statutory entities not controlled by the Department) (Refer to Note 1(b))
- 52.5% of all transactions and balances of Law Courts Ltd by joint arrangement.

The consolidated financial statements for the Department includes the parent Department and the John Williams Memorial Charitable Trust.

The Secretary of the Department administers the John Williams Memorial Charitable Trust which was set up for the purpose of providing both respite and accommodation for children with disabilities and other care accommodation for children with disabilities where that accommodation is provided in conjunction with other support services of a medical nature.

In the process of preparing the consolidated financial statements, all intra-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These financial statements for the year ended 30 June 2025 have been authorised for issue by the Secretary on the date the accompanying statement was signed.

1. Statement of Material Accounting Policy Information (cont'd)

(b) Administrative restructure and other activities

As per the *Administrative Arrangements (Administrative Changes- Corrective Services NSW) Order 2024*, the Corrective Services NSW branch of the Department, other than the Professional Standards and Investigations division of the branch, is transferred to Corrective Services NSW as a newly established Public Service Agency.

The employees, functions, assets and liabilities and inmates trust fund relating to Corrective Services NSW branch of the Department were transferred to Corrective Services NSW with effect from 1 October 2024.

As per the *Administrative Arrangements (Administrative Changes-Miscellaneous) Order (No. 6) 2023*, issued on 6 December 2023, the following took effect on 1 February 2024, to establish the new Homes Division:

- the staff and functions of the Housing Services team of the Homes, Property and Development Group within the Department of Planning, Housing and Infrastructure, including the Police Force Housing were transferred to the Department
- Aboriginal Housing Office, NSW Land and Housing Corporation and Teacher Housing Authority of NSW were transferred to the Department's portfolio including the transfer of staff from the Department of Planning, Housing and Infrastructure to the Department on personnel services arrangements.

Refer to Notes 22, 10, 13, 14, 15, 19, 20 and 28(c) for details of assets, liabilities and trust funds transferred in and out as part of the administrative restructure.

(c) Basis of preparation

The Department's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of *Government Sector Finance Act 2018* (GSF Act)
- Treasurer's Directions issued under the GSF Act.

Judgements, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

Property, plant and equipment and assets (or disposal groups) held for sale and certain financial assets and liabilities are measured using the fair value basis. Other financial statements items are prepared in accordance with the historical cost convention adjusted for impairment loss, except where otherwise stated.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Department's presentation and functional currency, except for written notes that accompany the main notes to the financial statements which are expressed in millions of Australian dollars to one decimal place.

The financial statements for the year ended 30 June 2025 are prepared on a going concern basis. There is an excess of current liabilities over current assets of \$136.7 million (2024: \$531.6 million), whilst a surplus from continuing operations of \$867.8 million (2024: loss of \$340.0 million) and the net cash flows from operating activities is positive by \$1,038.7 million (2024: \$283.1million). The Department is a budget dependent agency, funded by the NSW Treasury based on the Appropriation Act which is drawn down according to internal cash flow forecasts and does not solely rely on its current assets to pay creditors and other liabilities.

(d) Statement of compliance

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

1. Statement of Material Accounting Policy Information (cont'd)

(e) Administered activities

The Department administers, but does not control, certain activities on behalf of the Crown in right of the State of New South Wales (Crown). It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of the Department's own objectives.

Transactions and balances relating to the administered activities are not recognised as the Department's income, expenses, assets, and liabilities, but are disclosed in the accompanying schedules as 'Transfer payments' in Note 7 and 'Administered Assets' and 'Administered Liabilities' in Note 29.

The accrual basis of accounting and applicable accounting standards has been adopted.

(f) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament for the Department in respect of the reporting period. The John Williams Memorial Charitable Trust does not have a published budget and has not been included. Subsequent amendments to the original budget (e.g. adjustments for transfer of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 25.

(g) Comparative information

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

(h) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2024-25

The accounting policies applied in 2024-25 are consistent with those of the previous financial year. Several amendments and interpretations apply for the first time in 2024-25, but do not have a material impact on the financial statements of the Department.

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*, which became effective in 2024-25, has no material impact on the financial position or performance of the Department. This is because the Department's current application of AASB 13 *Fair Value Measurement* to fair value its non-financial assets not held primarily for their ability to generate net cash inflows is already in accordance with the guidance provided in AASB 2022-10.

(ii) Issued but not yet effective

The Department has assessed the impact of the new standards and interpretations on issue but not yet effective where relevant and considers the impact to be not material.

1. Statement of Material Accounting Policy Information (cont'd)

(h) Changes in accounting policy, including new or revised Australian Accounting Standards (cont'd)

(ii) Issued but not yet effective (cont'd)

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Accounting Standards have not been applied and are not yet effective as per '*Treasury mandates of options and major policy decisions under Australian Accounting Standards*' NSW Treasury Policy and Guidelines Paper (TPG 25-02).

- AASB 17 *Insurance Contracts*
- AASB 18 *Presentation and Disclosure in Financial Statements*
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between Investor and its Associate or Joint Venture*
- AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability*
- AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*
- AASB 2024-4B *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*.

(i) Law Courts Ltd – Joint Arrangement

The NSW Government entered into an arrangement with the Commonwealth in 1977. That arrangement was set out in a general letter between the parties, which was confirmed in a letter dated 13 August 2008, co-signed by the Secretary, Federal Attorney General's Department and the Director General, NSW Attorney General's Department (now part of the Department of Communities and Justice), which confirmed ownership and funding arrangements of Law Courts Limited.

Law Courts Limited is located at Level 3, Law Courts Building, Queen's Square, Sydney, NSW 2000, and its principal activity is the provision of accommodation for Courts, Court registries and support services at a standard that is suitable and available for occupation. The NSW State Government's investment comprises 52.5% of the net assets of Law Courts Limited. Both Governments, however, have equal representation on the Board of Directors and in the membership of Law Courts Limited, with all decisions requiring unanimous consent.

As the Department has in substance rights to Law Courts Limited's assets, and obligations for its liabilities, it must recognise 52.5% of the assets and liabilities of Law Courts Limited on its Statement of Financial Position and 52.5% of the revenues and expenditure on its Statement of Comprehensive Income. The accounting treatment adopted complies with the requirements of AASB 11 *Joint Arrangements*.

(j) Impact of climate-related matters on financial reporting for 2024-25

The Department has considered the potential impacts of climate-related risks on its financial statements for the 2024-25 financial year. This assessment considered potential impacts on asset valuations, impairment indicators, and provisions mainly arising from extreme weather events, changes in asset use, or regulatory developments. While the Department was affected by certain weather events during the reporting period, these did not result in material changes to the carrying values of assets. Although some costs were incurred in response to these events, the Department recovered most of these through insurance arrangements for the limited damage identified.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

2. Expenses excluding losses

(a) Employee related expenses

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Salaries and wages (including annual leave)	2,154,103	2,747,293	2,154,103	2,747,293
Superannuation - defined benefit plan	30,188	35,171	30,188	35,171
Superannuation - defined contribution plan	211,986	281,794	211,986	281,794
Long service leave	61,586	137,738	61,586	137,738
Payroll tax and fringe benefits tax	140,393	180,577	140,393	180,577
Redundancy	1,800	1,712	1,800	1,712
Workers' compensation insurance premiums	128,183	177,070	128,183	177,070
Other	659	1,086	659	1,086
	2,728,898	3,562,441	2,728,898	3,562,441

Employee related costs capitalised in fixed asset accounts are excluded from the above and totalled \$11.6 million (2024: \$8.7 million).

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

2. Expenses excluding losses (cont'd)

(b) Operating expenses

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Auditor's remuneration - audit of the financial statements	1,017	1,640	1,036	1,658
Auditor's remuneration - internal	364	104	364	104
Cleaning	15,653	18,785	15,653	18,785
Consultants	5,550	3,486	5,550	3,486
Expense relating to short-term leases	768	1,390	768	1,390
General administration	2,760	6,629	2,760	6,629
Insurance premiums	48,650	80,784	48,650	80,784
Motor vehicle operating	14,466	21,551	14,466	21,551
Prison hospital service fee	1,975	10,040	1,975	10,040
Repairs and maintenance (refer Note 2(b) – Note A below)	168,840	209,556	169,052	209,759
Telecommunication	12,575	19,673	12,575	19,673
Travel	28,810	28,555	28,810	28,555
Victims compensation costs	196,241	210,754	196,241	210,754
Fees for services	114,623	108,706	114,623	108,706
Staff related costs	22,014	38,830	22,014	38,830
Contractors and outsourced services	78,939	129,781	78,939	129,781
Legal and other professional fees	185,580	180,171	185,580	180,171
Postage and stationery	17,636	23,053	17,636	23,053
IT related costs	143,621	131,717	143,621	131,717
Corrective Services Industries and inmate related (refer Note 2(b) - Note B below)	37,210	144,032	37,210	144,032
Building outgoings	112,215	131,145	112,215	131,145
Utilities and rates	32,170	59,481	32,170	59,481
Tenancy management fees - disability services	11,732	11,274	11,732	11,274
Bad debt expense	359	26	359	26
Cloud computing costs	3,374	8,800	3,374	8,800
Other expenses	41,056	50,512	41,056	50,512
Service Concession Arrangements costs	68,943	260,968	68,943	260,968
	1,367,141	1,891,443	1,367,372	1,891,664

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
<i>Note A - Reconciliation - Total maintenance</i>				
Maintenance expense - contracted labour and other (non-employee related) as above	168,840	209,556	169,052	209,759
Employee related maintenance expense included in Note 2 (a)	1,546	6,673	1,546	6,673
Total maintenance expense included in Note 2 (a) and 2 (b)	170,386	216,229	170,598	216,432

<i>Note B - Total Cost of Goods Sold</i>				
Direct costs as reported above (Note 2 (b))	9,425	47,266	9,425	47,266
Indirect costs - determined on a pro rata basis comprising salaries and wages, property outgoings, repairs and maintenance and depreciation	11,938	17,379	11,938	17,379
	21,363	64,645	21,363	64,645

2. Expenses excluding losses (cont'd)

Recognition and measurement

Insurance

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

Maintenance expense

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

Lease expense

The Department recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

2. Expenses excluding losses (cont'd)

(c) Depreciation and amortisation

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	145,559	246,226	145,761	246,421
Plant and equipment	64,940	100,100	64,940	100,100
Right-of-use asset - land and buildings	4,455	5,654	4,455	5,654
Right-of-use asset - plant and equipment	8,665	11,586	8,665	11,586
	223,619	363,566	223,821	363,761
Amortisation				
Intangibles	19,648	20,677	19,648	20,677
	19,648	20,677	19,648	20,677
Total depreciation and amortisation	243,267	384,243	243,469	384,438

Refer to Note 13, Note 14 and Note 15 for recognition and measurement policies on depreciation and amortisation.

(d) Grants and subsidies

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Adult community and offender management services	10,467	13,788	10,467	13,788
Child protection	306,130	297,626	306,130	297,626
Community support and development	68,923	56,412	68,923	56,412
Family and domestic violence	322,597	299,904	322,597	299,904
Homelessness	551,790	491,679	551,790	491,679
Justice services	141,772	136,320	141,772	136,320
Juvenile programs	24,239	23,059	24,239	23,059
Out of home care and permanency support	1,715,689	1,735,222	1,715,689	1,735,222
Targeted early intervention	182,801	175,026	182,801	175,026
Victim services	2,985	3,392	2,985	3,392
Portfolio grants*	9,027,443	7,403,410	9,027,443	7,403,410
Disability services	17,677	19,704	17,677	19,704
Social housing	633,734	783,097	633,734	783,097
Other grants	18,075	11,398	18,075	11,398
	13,024,322	11,450,037	13,024,322	11,450,037

*The Department as the Lead Department within the Communities and Justice Portfolio receives appropriations from NSW Treasury. Agencies within the Portfolio which receive their funding by way of grants from the Department are enumerated in the next page.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

2. Expenses excluding losses (cont'd)

(d) Grants and subsidies (cont'd)

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
• NSW Police Force	5,220,807	4,877,561	5,220,807	4,877,561
• Corrective Services NSW*	1,425,272	-	1,425,272	-
• Fire and Rescue NSW	1,065,098	1,020,940	1,065,098	1,020,940
• NSW Rural Fire Service	579,725	537,654	579,725	537,654
• NSW Office of Sport**	-	292,697	-	292,697
• Legal Aid Commission of NSW	303,748	270,371	303,748	270,371
• NSW State Emergency Service	227,675	271,537	227,675	271,537
• NSW Crime Commission	37,765	33,159	37,765	33,159
• Multicultural NSW	53,097	57,777	53,097	57,777
• Aboriginal Housing Office***	114,256	41,714	114,256	41,714
Total	9,027,443	7,403,410	9,027,443	7,403,410

*Corrective Services NSW as a newly established Public Service Agency receives their funding by way of grants from the Department from 1 October 2024. Refer to Note 1(b) and 22(i) for further details on the administrative changes.

**On 1 July 2024, NSW Office of Sport was transferred out of the Communities and Justice Portfolio by the *Administrative Arrangements (Administrative Changes-Miscellaneous) Order (No. 2) 2024*.

***On 1 February 2024, the Aboriginal Housing Office was transferred to the Communities and Justice Portfolio by the *Administrative Arrangement (Administrative Changes-Miscellaneous) Order (No. 6) 2023*.

Recognition and measurement

Grants are generally recognised as an expense when the Department transfers control of the contribution. Control is deemed to have transferred when the grant is paid or payable.

(e) Finance costs

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Unwinding of discount and effect of changes in discount rate on provisions	517	574	517	574
Interest expense from financial liabilities at amortised cost*	5,710	23,343	5,710	23,343
Interest expense from lease liabilities	7,991	10,985	7,991	10,985
	14,218	34,902	14,218	34,902

*The interest expense from financial liabilities at amortised cost of \$5.7 million (2024: \$23.3 million) is related to financial liabilities arising from service concession arrangements. Refer to Note 13 and Note 19 for further details on service concession arrangements and related liabilities.

Department of Communities and Justice

Notes to the financial statements

for the year ended 30 June 2025

3. Revenue

Recognition and Measurement

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer as defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

The Department's authority to spend Consolidated Fund money comes from a delegation or sub-delegation on a per transaction basis which has been properly complied with.

(a) Appropriations and transfers to the Crown

Summary of Compliance at responsible minister level		2025	2024
Amount Appropriated per <i>Appropriation Act</i>		\$'000	\$'000
Special Appropriations (refer Note 1 below)			
Variations made to the Appropriations during the financial year		20,647	-
Section 4.9 GSF Act (transfer of functions between GSF agencies)			
Section 4.11 GSF Act (Variations of annual Appropriations for Commonwealth grants)		(420,055)	141,503
Section 4.13 GSF Act Exigency of Government (additional Appropriation approved by Treasurer and Governor for exigencies of government)		11,019	44,926
Variations to appropriated amounts (per Section 36 of the Appropriation Act)		-	-
Total spending authority from Parliamentary Appropriations, other than Deemed Appropriations		21,345,675	19,737,986
Add:			
The spending authority from Deemed Appropriations during the current year		1,912,605	1,783,006
The unutilised spending authority from Deemed Appropriations in prior years		1,154,458	1,112,890
Total		24,412,738	22,633,882
Less: total expenditure out of Consolidated Fund (refer Note 2 below)		(22,797,808)	(21,336,920)
Variance (refer Note 3 below)		1,614,930	1,296,962
Less:			
The spending authority from Appropriations lapsed at 30 June		-	-
Protected items underspend during the current year		(63,153)	(142,504)
Deemed Appropriations balance carried forward to following years (refer Note 4 below)		1,551,777	1,154,458

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

3. Revenue (cont'd)

(a) Appropriations and transfers to the Crown (cont'd)

Summary of Compliance at responsible minister level	2025	2024
Transfer payments		\$'000
Appropriations (per Statement of Comprehensive Income)	3,703,604	3,550,013
Appropriations drawn down	17,201,481	16,008,343
	20,905,085	19,558,356

Note:

1. Special appropriations have been allocated to support two key areas:

- An amount of \$14.2 million was appropriated under Sections 39(1)(b) and 39(2)(b) of the *Appropriation Act 2024*, delegated to the Attorney General, to fund indexation of NGO grant programs administered by the Department in-line with the Fair Work Commission minimum wage award decision of 3.75 per cent
- An amount of \$6.4 million was appropriated under Sections 39(1)(b), 39(2)(b)(i), and 22(2)(a) of the *Appropriation Act 2024*, delegated to the Attorney General, to support the implementation of recommendations arising from the Astill Special Commission of Inquiry Report.

2. 'Expenditure' refers to cash payments. The term 'expenditure' has been used for payments for consistency with AASB 1058 *Income of Not-for-Profit Entities*.

3. The variance between the 'total' appropriations and actual expenditure for the year was due to own sourced revenues and the budget adjustments to appropriations during the year.

4. Deemed appropriations is a legal concept under the GSF Act, that does not have a corresponding financial statement line item. Instead, deemed appropriations may come from various sources, such as sale of goods and services, and the corresponding revenue is disclosed in the relevant sections of these items in the financial statements.

Recognition and measurement

Parliamentary appropriations other than deemed appropriations

Income from appropriations, other than deemed appropriations (of which the accounting treatment is based on the underlying transaction), does not contain enforceable and sufficiently specific performance obligations as defined by AASB 15. Therefore, except as specified below, appropriations (other than deemed appropriations) are recognised as income when the Department obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

Lead departments

The Department receives its funding under appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriation Bill that is prepared and tabled for that year.

3. Revenue (cont'd)

(a) Appropriations and transfers to the Crown (cont'd)

The *Appropriation Act 2024* (Appropriation Act) and the subsequent variations appropriate the sum of \$21,345.7 million (2024: \$19,738.0 million) to the Attorney General out of the Consolidated Fund for the services of the Department for the year 2024–25. The spending authority of the Attorney General from the Appropriation Act has been delegated or subdelegated to officers of the Department and entities that it is administratively responsible for, including:

- Corrective Services NSW
- Crown Solicitor's Office
- Fire and Rescue NSW
- Legal Aid Commission of New South Wales
- New South Wales Crime Commission
- NSW Police Force
- NSW Rural Fire Service
- Home Purchase Assistance Fund
- Multicultural NSW
- NSW Trustee and Guardian
- Office of Ageing and Disability Commissioner
- The Trustees of the Anzac Memorial Building
- Aboriginal Housing Office
- NSW State Emergency Service.

The lead Minister for each entity above, being the Attorney General is taken to have been given an appropriation out of the Consolidated Fund under the authority of section 4.7 of the GSF Act, at the time the entity receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the entity. These deemed appropriations are taken to have been given for the services of the Department.

The delegation/sub-delegations for 2024-25 and 2023-24, authorising officers of the Department to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but do not specify an aggregate expenditure limit for the Department. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the Department to spend monies appropriated under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriation Act and other sources is disclosed in the summary of compliance table.

The summary of compliance has been prepared by aggregating the spending authorities of both the Attorney General for the services of the Department and the responsible Ministers for the services of the entities listed above. It reflects the status at the point in time this disclosure statement is being made.

The summary of compliance does not include appropriations for the following special offices in the Communities and Justice Portfolio and its expenditure:

- Judicial Commission of New South Wales
- Office of the Children's Guardian
- Office of the Director of Public Prosecutions.

This is because a separate amount has been appropriated for its services under the Appropriation Act.

However, the summary of compliance includes \$Nil million (2024: \$0.1 million) grant payment to Office of the Director of Public Prosecutions in "total expenditure out of Consolidated Fund".

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

3. Revenue (cont'd)

(b) Sale of goods and services from contracts with customers

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Sale of goods				
Sale of goods - Corrective Services Industries	2,563	13,420	2,563	13,420
	2,563	13,420	2,563	13,420
Rendering of services				
Filing fees	101,179	94,603	101,179	94,603
Court Fees	67,912	61,833	67,912	61,833
Corrective Services Industries	10,522	54,061	10,522	54,061
Statement of claims	17,348	16,665	17,348	16,665
Management fees	215,384	82,270	215,384	82,270
Minor usage charges	246	6,198	246	6,198
Transcription services	2,711	3,014	2,711	3,014
Sheriffs fees	3,471	2,914	3,471	2,914
Canteen sales	648	2,823	648	2,823
Other fees	5,847	16,472	5,847	16,472
	425,268	340,853	425,268	340,853
Licence fees				
Licence fees	7,904	31,617	7,904	31,617
	7,904	31,617	7,904	31,617
	435,735	385,890	435,735	385,890

Recognition and measurement

(i) Sale of goods

Revenue from sale of goods is recognised as or when the Department satisfies a performance obligation by transferring the promised goods.

Type of good	Nature of timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition policies
(i) Goods - Corrective Services Industries (CSI) The Department's revenue from sale of goods from CSI is derived from the sale of goods purchased by CSI to inmates and the sale of manufactured and assembled goods to external market. These goods are constructed and provided by eligible inmates participating in work programs and accredited training, and are either sold back to inmates, to external customers on an ad-hoc basis, or to customers governed by a contract.	The Department typically satisfies its performance obligations at the point in time when the goods have been collected by the inmate or when the goods are delivered to external market customer. The payments are due when the goods are transferred to the inmates/customers and invoices are generated.	Revenue from these sales is recognised based on the price specified in the contract or display prices, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with cash or a short credit term. No volume discount or warranty is provided on the sale.

3. Revenue (cont'd)

(b) Sale of goods and services from contracts with customers (cont'd)

Recognition and measurement (cont'd)

(ii) Rendering of services

Revenue from rendering of services is recognised when the Department satisfies the performance obligation by transferring the promised services.

Type of service	Nature of timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition policies
(i) Filing fees and Court fees The Department derives filing fees from administrative tasks associated with the engagement of NSW Courts and NSW Civil and Administrative Tribunals (NCAT). These administrative tasks arise when the customer is charged for lodgements for services provided by the Department. These include document filing and retrieval, application fees etc. The court fees are paid for the hearing of proceedings by judges in court for the various legal actions which have been filed.	Filing fees - The Department typically satisfies its performance obligations when either the Department accepts the applications from the public or completes all the steps required by it after the filing of the application noting that there is not a significant time gap between receiving the application and completing the necessary process by the Department. Court fees - The fees are imposed after the court hearing, in which case the performance obligation is already satisfied. In cases where the fees are charged to the customers in relation to providing the date of hearing, no further process/performance obligations are required to be completed or satisfied by the Department. The payments for both services are typically due when the applications are lodged to the Department.	Revenue from filing fees and court fees are recognised based on the stipulated amount for the services listed online on the NSW Courts and Tribunals Online Registry when the services are lodged and payment, which is non-refundable, is received by the Department. No element of financing is deemed present as the sales are made with cash or a short credit term. No volume discount or warranty is provided on the sale. The minimal time lag between the initiation and completion of the service process does not pose a risk of material misstatement to revenue recognition.

3. Revenue (cont'd)

(b) Sale of goods and services from contracts with customers (cont'd)

Recognition and measurement (cont'd)

(ii) Rendering of services (cont'd)

Type of service	Nature of timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition policies
(ii) Services - CSI CSI sale of services is derived from the provision of service solutions which are provided by eligible inmates participating in work programs and accredited training to external customers on an ad-hoc basis, or to customers governed by a contract.	The Department typically satisfies its performance obligations when the services have been provided by the eligible inmates to the customers and the invoices are issued to the customers at the point in time. The payments are typically due when the services are transferred to the customer and when invoices are generated.	Revenue from CSI services are recognised based on the price specified in the contract or display prices, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with cash or a short credit term. No volume discount or warranty is provided on the sale.
(iii) Management fees and other services Revenue received from Management fees and other services rendered by the Department include tenancy management fees, minor usage charges, disability client fees, Sheriff's fees, etc.	Depending on the nature of the service rendered the Department satisfies its performance obligations when the services are provided to the customers either at the point in time or over time (fortnightly or monthly). The invoices are based on the number of clients receiving the services and fixed rate charges agreed in the contracts.	When performance obligations are satisfied at a point in time, the revenue is recognised when the promised services are transferred and the invoices are issued to the customers. For performance obligations satisfied over time, because the customers simultaneously receive and consume the benefits of the services as the Department performs its obligations, the revenue is recognised when the Department has transferred the promised services to the customers fortnightly or monthly.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

3. Revenue (cont'd)

(c) Investment revenue

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Bank interest	230	1,058	230	1,116
	230	1,058	230	1,116

(d) Retained taxes, fees and fines

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Restitution orders raised	7,993	9,232	7,993	9,232
Confiscation of crime proceeds	2,931	4,207	2,931	4,207
Victims compensation levies	12,943	12,703	12,943	12,703
	23,867	26,142	23,867	26,142

Recognition and measurement

Retained fees comprise monies due from individuals relating to matters dealt with by the NSW Civil and Administrative Tribunal (NCAT) Administrative and Equal Opportunity Division, monies due from the confiscation of crime proceeds and levies raised by the Courts on perpetrators of acts of violence which are in the nature of non-contractual income arising from statutory requirements.

Under AASB 1058, the revenue is recognised as a residual amount, the Department first recognises the statutory receivable as per AASB 9 *Financial Instruments* (AASB 9) when restitution orders are made or confirmed by the NCAT or when payment arrangements between the Director or Registrar and defendants are entered into, as there is no 'related amount' in accordance with other AAS, then the revenue is recognised immediately at the amount of the statutory receivable.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

3. Revenue (cont'd)

(e) Grants and other contributions

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Grants to acquire/construct a recognisable non-financial asset to be controlled by the Department				
Grants to acquire/construct a recognisable non-financial asset to be controlled by the Department	5,436	6,964	5,436	6,964
Grants without sufficiently specific performance obligations				
Grants for the operation of the Dust Diseases Tribunal	5,456	5,568	5,456	5,568
Grants for the operation of NSW Civil and Administrative Tribunal Consumer and Commercial Division	28,019	26,993	28,019	26,993
Funding for Legal Aid to access Public Defenders	1,322	1,132	1,322	1,132
Digital Restart Fund	41,469	1,530	41,469	1,530
Social and Affordable Housing Fund	91,342	82,663	91,342	82,663
Personal protective equipment received free of charge	-	4,843	-	4,843
Home Purchase Assistance Fund	3,690	4,979	3,690	4,979
Correctional centres health service	586	2,287	586	2,287
Brighter Beginnings Program	-	1,250	-	1,250
Affordable Rental Housing State Environmental Planning Policy	2,051	1,528	2,051	1,528
Vehicle Strategy Fund	4,163	-	4,163	-
Infrastructure Betterment Fund	1,062	-	1,062	-
Social Housing Accelerator Fund	8,100	-	8,100	-
Other grants	20,609	17,277	20,609	17,277
	213,305	157,014	213,305	157,014

Recognition and measurement

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Department is recognised when the Department satisfies its obligations under the transfer. The Department satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. Revenue is recognised over time based on the cost incurred.

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by the Department is recognised based on the grant amount specified in the funding agreement/funding approval or in accordance with legislation, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Income from grants without sufficiently specific performance obligations are recognised when the Department obtains control over the granted assets or when cash grant is received.

Receipt of volunteer services is recognised when and only when the fair value of those services can be reliably determined and the services would have been purchased if not donated. Volunteer services are measured at fair value. The Department did not receive any material volunteer services for the year ended 30 June 2025.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

3. Revenue (cont'd)

(f) Personnel services

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Personnel services	212,673	144,653	212,673	144,653
	212,673	144,653	212,673	144,653

Personnel services revenue relates to the provision of personnel services to the NSW Trustee and Guardian, including the Office of the Public Guardian, the Legal Profession Admission Board, Legal Services Council, the Office of Ageing and Disability Commissioner, the Trustees of the Anzac Memorial Building, and since 1 February 2024, it also includes Aboriginal Housing Office, NSW Land and Housing Corporation and Teacher Housing Authority of NSW. The Department does not control these entities.

Recognition and measurement

Under AASB 15, income arising from the provision of personnel services is recognised when the services are provided and only to the extent that the associated recoverable expense is recognised.

(g) Acceptance by the Crown of employee benefits and other liabilities

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
The following liabilities and / or expenses have been assumed by the Crown:				
Superannuation defined benefit	29,796	34,589	29,796	34,589
Long service leave	52,459	128,894	52,459	128,894
Payroll tax	1,587	1,810	1,587	1,810
	83,842	165,293	83,842	165,293

(h) Other income

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Agency performance adjustment	681	1,507	681	1,507
Law Society contributions	7,686	6,819	7,686	6,819
Rental income	67,152	64,113	67,378	64,333
Insurance claims	6,249	10,424	6,249	10,424
Natural disaster claims	4,355	13,937	4,355	13,937
PaTH contributions from agencies	-	16,700	-	16,700
Return of conditional funds from NGO	8,500	-	8,500	-
Other	22,989	6,974	22,989	6,974
	117,612	120,474	117,838	120,694

Recognition and measurement

Other revenue

The revenue is recognised when the fee in respect of services provided is received or receivable.

Rental Income

Rent is recognised as revenue on a straight-line basis over the term of the lease and in accordance with AASB 16 *Leases*.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

4. Loss on disposal

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Loss on disposal of land and buildings, plant and equipment and intangibles				
Proceeds from disposal*	41	91	41	91
Written down value of assets disposed	(34,332)	(25,352)	(34,332)	(25,352)
Net loss on disposal of land and buildings, plant and equipment and intangibles	(34,291)	(25,261)	(34,291)	(25,261)

*Net proceeds from disposal in 2025 include:

(i) Nil proceeds from the transfer of Correctives John Mewburn Childcare Centre's land and building to the La Perouse Local Land Council, following an Aboriginal Land Claim on 2 July 2024, and

(ii) Nil proceeds from the transfer of Glebe courthouse land and building to NSW Police Force on 19 May 2025.

5. Other gains / (losses)

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Unrealised gains/(losses) on derivatives at fair value through profit or loss	(8,673)	2,274	(8,673)	2,274
Realised gains/(losses) on derivatives at fair value through profit or loss	73	70	73	70
Gain/(loss) on disposal of right-of-use assets	20	4	20	4
Impairment loss on carrying value of property, plant and equipment	-	(258)	-	(258)
	(8,580)	2,090	(8,580)	2,090

Refer to Note 12 and Note 27(ii) for further information regarding derivatives at fair value through profit or loss.

Recognition and measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the Department from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting Policies and events giving rise to impairment losses are disclosed in the following notes:

Trade Receivables – Note 10

Property, plant and equipment – Note 13

Leases – Note 14

Intangible assets – Note 15

6. Conditions and restrictions on income

The Department has the following conditions and restrictions on contributions received since funds can only be expended on specific project objectives:

- (i) The Department recognised unspent capital grants liability through Joint Arrangement control from Law Courts Ltd. The funding was received from the Commonwealth and State Governments to enable Law Courts Ltd to spend on various capital works projects. Capital grants received for the construction of these facilities are recognised as income when the asset is acquired and controlled by Law Courts Ltd. For the construction of specified assets, income is recognised as the construction progresses on the basis of costs incurred relative to total expected cost. The balance of unspent capital grants is \$0.8 million at 30 June 2025 (2024: \$4.0 million) and will be recognised as income by 30 June 2026. Refer to Note 3(e) Grants and Contributions and Note 21 Other liabilities for details.
- (ii) The Department’s Cash and cash equivalents (Note 9) include restricted funds held by the Department which are related to the Affordable Housing Program of \$12.8 million (2024: \$11.2 million) and Murdi Paaki Social Housing agreement of \$2.3 million (2024: \$2.2 million) as at 30 June 2025.

The Affordable Housing Program related tied funds are sourced from various Local Councils and are required to be spent within the respective Council area through affordable housing projects developed by community housing providers.

The Murdi Paaki restricted fund is held for the purpose of implementing the Murdi Paaki Social Housing Agreement and can only be expensed for specific projects approved under the Agreement.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

7. Transfer payments

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Administered Income				
National Disability Insurance Scheme	3,522,050	3,390,812	3,522,050	3,390,812
National Legal Assistance Partnership	166,198	150,808	166,198	150,808
Fire services provision assistance	6,975	6,643	6,975	6,643
Legal assistance - flood	1,750	1,750	1,750	1,750
Community Safety Order Scheme	232	-	232	-
Commonwealth High Risk Terrorist Offender Regime	5,785	-	5,785	-
Countering Violent Extremism Initiatives	614	-	614	-
	3,703,604	3,550,013	3,703,604	3,550,013
	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Administered Expenses				
National Disability Insurance Scheme	3,512,166	3,367,983	3,512,166	3,367,983
National Legal Assistance Partnership	166,198	150,808	166,198	150,808
Fire services provision assistance	6,975	6,643	6,975	6,643
Legal assistance - flood	1,750	1,750	1,750	1,750
Community Safety Order Scheme	232	-	232	-
Commonwealth High Risk Terrorist Offender Regime	5,785	-	5,785	-
Countering Violent Extremism Initiatives	614	-	614	-
	3,693,720	3,527,184	3,693,720	3,527,184

Transfer payments are amounts received for transfer to eligible beneficiaries consistent with the parameters established by legislation or other authoritative requirements. They are not controlled by the Department and are considered as administered items.

(a) National Disability Insurance Scheme (NDIS) payments

The Commonwealth and the State of New South Wales (State) entered into a bilateral agreement under the NDIS for financial contributions to be paid to National Disability Insurance Agency (NDIA). Cash contributions received by the Department under the scheme are disclosed as administered income. Cash contributions paid by the Department to NDIA under the scheme, net of the impact of in-kind contribution administered receivables, are disclosed as a transfer payment expense.

The total New South Wales contribution for 2024-25 is \$3,962.3 million (2024: \$3,810.3 million) including cash contributions paid by the Department to NDIA in 2024-25 of \$3,522.1 million (2024: \$3,390.8 million) and in-kind contribution of \$440.2 million (2024: \$419.5 million). The transfer payment expense for 2024-25 includes a credit of \$219.8 million (2024: \$197.0 million) for the in-kind contribution administered receivable at 1 July 2024 and excludes \$229.7 million (2024: \$219.8 million) for the in-kind administered receivable at 30 June 2025 which will be offset against 2025-26 payments to NDIA.

(b) National Legal Assistance Partnership (NLAP) payments

National Legal Assistance Partnership (NLAP) supports the National Strategic Framework for Legal Assistance, by contributing to integrated, efficient, effective and appropriate legal assistance services which are focused on improving outcomes and keeping the justice system within reach for vulnerable people facing disadvantage, within available resources. The NLAP consists of a multilateral and bilateral agreements between the Commonwealth and each State. The NLAP funding is paid to the Department via Appropriation from the Consolidated Fund. The Department subsequently transfers the funding to Legal Aid Commission of New South Wales (LAC) and Aboriginal Legal Service NSW/ ACT (ALS) through Portfolio grants.

7. Transfer payments (cont'd)

(c) Fire services provision assistance

The Commonwealth and the State entered into a Memorandum of Understanding (MOU) for the provision of fire services by the State to all Australian Government Agencies. The Commonwealth makes contributions in accordance with the MOU to the State for the standard fire services the State provides for all Australian Government Sites. The funding is paid to the Department via Appropriation from the Consolidated Fund and transferred via Portfolio grants to Fire and Rescue NSW (FRNSW) and NSW Rural Fire Service (RFS) who provide the specified services according to the MOU.

(d) Flood legal assistance

An additional agreement was entered in 2021-22 between the Commonwealth and the State to support the relief and recovery in the communities affected by the flood for the purpose of supporting the delivery of efficient and effective legal assistance services by LAC. The funding was provided for existing legal assistance services operating in affected communities. The availability of these legal assistance services will assist individuals, small businesses, and primary producers to navigate through the legal issues that arise in the aftermath of the flood.

The additional funding in relation to the flood legal assistance is received by the Department via Appropriation from the Consolidated Fund and subsequently transferred to LAC through Portfolio grants.

(e) Community Safety Order Scheme

The Commonwealth and the State of New South Wales (State) entered into an agreement to support the delivery of services by NSW agencies under the Community Safety Order (CSO) Scheme. The funding is to support the State in responding to high-priority requests for information from the Commonwealth by the Immigration Minister and Department of Home Affairs and to support the broader CSO implementation. The funding is paid to the Department via Appropriation from the Consolidated Fund. The Department subsequently transfers the funding to Corrective Services NSW, NSW Police Force and Crown Solicitors Office through Portfolio grants.

(f) Commonwealth High Risk Terrorist Offender Regime

The Commonwealth and the State of New South Wales (State) entered into an agreement to support the delivery of services by state and territory agencies under the High-Risk Terrorist Offender (HRTTO) regime, which aims to protect the Australian community from threats posed by eligible high risk terrorist offenders. The funding is paid to the Department via Appropriation from the Consolidated Fund. The Department subsequently transfers a portion of the funding to Corrective Services NSW and NSW Police Force through Portfolio grants.

(g) Countering Violent Extremism Initiative

The Commonwealth and the State of New South Wales (State) entered into an agreement to support the delivery of services by NSW under the Countering Violence Extremism (CVE) program, which aims to rehabilitate and reintegrate high risk violent extremism into the community. The funding is paid to the Department via Appropriation from the Consolidated Fund. The Department subsequently transfers the funding to Corrective Services NSW through Portfolio grants.

Refer to Note 3(a), Note 8 and Note 29 for details on administered expenses, income and assets.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

8. Consolidated disaggregated disclosure statements

	Thriving and inclusive communities	Caring for children and families	Accessing justice and legal services	Responding to homelessness, growing social and affordable housing	Supporting young offenders and reducing adult reoffending	Not attributable	Total
Expense and income 2025	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses							
Employee related expenses	31,342	762,597	774,486	424,360	736,113	-	2,728,898
Operating expenses	28,397	290,616	453,504	128,133	466,722	-	1,367,372
Depreciation and amortisation	34,838	11,840	99,971	11,921	84,899	-	243,469
Grants and subsidies	93,701	2,527,000	155,728	1,185,740	34,710	9,027,443	13,024,322
Finance costs	7	314	6,320	286	7,291	-	14,218
Total expenses excluding losses	188,285	3,592,367	1,490,009	1,750,440	1,329,735	9,027,443	17,378,279
Revenue							
Appropriations ¹	-	-	-	-	-	-	17,201,481
Sale of goods and services from contracts with customers	247	11,233	207,190	167,655	49,410	-	435,735
Investment revenue	-	-	17	95	118	-	230
Retained taxes, fees and fines	-	-	23,867	-	-	-	23,867
Grants and other contributions	649	11,094	49,085	117,090	35,387	-	213,305
Personnel services	6,807	-	102,303	103,563	-	-	212,673
Acceptance by Crown of employee benefits and other liabilities	739	17,866	38,214	9,344	17,679	-	83,842
Other income	25,040	17,370	20,966	22,113	32,349	-	117,838
Total revenue	33,482	57,563	441,642	419,860	134,943	17,201,481	18,288,971
Operating result	(154,803)	(3,534,804)	(1,048,367)	(1,330,580)	(1,194,792)	8,174,038	910,692
Loss on disposal	(63)	(2,893)	(7,675)	(1,236)	(22,424)	-	(34,291)
Impairment loss on financial assets	(233)	(122)	(485)	836	(184)	-	(188)
Other losses	2	73	56	32	(8,743)	-	(8,580)
Net result from continuing operations	(155,097)	(3,537,746)	(1,056,471)	(1,330,948)	(1,226,143)	8,174,038	867,633
Other Comprehensive Income							
Net change in revaluation surplus of property, plant and equipment	299	2,190	131,652	707	57,025	-	191,873
Total Other Comprehensive Income	299	2,190	131,652	707	57,025	-	191,873
TOTAL COMPREHENSIVE INCOME	(154,798)	(3,535,556)	(924,819)	(1,330,241)	(1,169,118)	8,174,038	1,059,506

The names and purposes of each service delivery areas are summarised below.

¹ Appropriations are made on an entity basis and not to individual service delivery areas. Consequently appropriations are included in the "Not Attributable" column. Portfolio grant funding is also unlikely to be attributable to individual service delivery areas. Consequently, Portfolio grant funding is also included in the "Not Attributable" column.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

8. Consolidated disaggregated disclosure statements (cont'd)

Expense and income 2024	Thriving and inclusive communities \$'000	Caring for children and families \$'000	Accessing justice and legal services \$'000	Responding to homelessness, growing social and affordable housing \$'000	Supporting young offenders and reducing adult reoffending \$'000	Not attributable \$'000	Total \$'000
Expenses excluding losses							
Employee related expenses	32,208	734,403	704,039	318,561	1,773,230	-	3,562,441
Operating expenses	10,974	314,076	483,874	109,267	973,473	-	1,891,664
Depreciation and amortisation	31,010	14,194	89,639	6,798	242,797	-	384,438
Grants and subsidies	83,152	2,507,777	144,075	1,274,776	36,847	7,403,410	11,450,037
Finance costs	6	258	6,556	222	27,860	-	34,902
Total expenses excluding losses	157,350	3,570,708	1,428,183	1,709,624	3,054,207	7,403,410	17,323,482
Revenue							
Appropriations ¹	-	-	-	-	-	-	16,008,343
Sale of goods and services from contracts with customers	202	10,128	191,816	56,322	127,422	-	385,890
Investment revenue	-	5	25	490	596	-	1,116
Retained taxes, fees and fines	-	-	26,142	-	-	-	26,142
Grants and other contributions	5,044	4,523	48,566	93,116	5,765	-	157,014
Personnel services	5,758	-	93,806	45,089	-	-	144,653
Acceptance by Crown of employee benefits and other liabilities	1,293	23,147	52,796	11,065	76,992	-	165,293
Other income	12,689	20,035	30,109	18,493	39,368	-	120,694
Total revenue	24,986	57,838	443,260	224,575	250,143	16,008,343	17,009,145
Operating result	(132,364)	(3,512,870)	(984,923)	(1,485,049)	(2,804,064)	8,604,933	(314,337)
Loss on disposal	(19)	(962)	(10,748)	(280)	(13,252)	-	(25,261)
Impairment loss on financial assets	(1)	(27)	(1,925)	735	(1,443)	-	(2,661)
Other losses	-	1	1	(258)	2,346	-	2,090
Net result from continuing operations	(132,384)	(3,513,858)	(997,595)	(1,484,852)	(2,816,413)	8,604,933	(340,169)
Other Comprehensive Income							
Net change in revaluation surplus of property, plant and equipment	869	8,633	373,389	1,391	297,323	-	681,605
Total Other Comprehensive Income	869	8,633	373,389	1,391	297,323	-	681,605
TOTAL COMPREHENSIVE INCOME	(131,515)	(3,505,225)	(624,206)	(1,483,461)	(2,519,090)	8,604,933	341,436

The names and purposes of each service delivery areas are summarised below.

¹ Appropriations are made on an entity basis and not to individual service delivery areas. Consequently appropriations are included in the "Not Attributable" column. Portfolio grant funding is also unlikely to be attributable to individual service delivery areas. Consequently, Portfolio grant funding is also included in the "Not Attributable" column.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

8. Consolidated disaggregated disclosure statements (cont'd)

Assets and liabilities	Thriving and inclusive communities	Caring for children and families	Accessing justice and legal services	Responding to homelessness, growing social and affordable housing	Supporting young offenders and reducing adult reoffending	Not attributable	Total
2025	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS							
Current Assets							
Cash and cash equivalents	2,798	63,897	49,291	39,778	18,914	-	174,678
Receivables	4,354	127,176	156,657	59,115	43,297	-	390,599
Inventories	-	-	-	-	-	-	-
Derivative assets	-	4	3	2	-	-	9
	7,152	191,077	205,951	98,895	62,211	-	565,286
Non-current assets held for sale	1,051	47,748	36,834	20,933	14,134	-	120,700
Total Current Assets	8,203	238,825	242,785	119,828	76,345	-	685,986
Non-Current Assets							
Receivables	365	403	30,570	137	696	-	32,171
Financial assets at fair value	-	-	-	-	-	-	-
Property, plant and equipment	13,911	102,601	3,388,393	1,147,558	788,822	-	5,441,285
Right-of-use assets	112	5,107	120,642	2,239	12,523	-	140,623
Intangible assets	38	4,257	58,316	758	4,239	-	67,608
	14,426	112,368	3,597,921	1,150,692	806,280	-	5,681,687
Total Non-Current Assets	22,629	351,193	3,840,706	1,270,520	882,625	-	6,367,673
Total Assets							
LIABILITIES							
Current Liabilities							
Payables	2,975	115,884	124,770	59,232	41,008	-	343,869
Borrowings	36	1,632	3,490	715	3,894	-	9,767
Derivative liabilities	1	32	25	14	9	-	81
Provisions	4,623	113,284	217,681	61,906	66,169	-	463,663
Other current liabilities	34	1,558	1,203	683	461	-	3,939
	7,669	232,390	347,169	122,550	111,541	-	821,319
Total Current Liabilities							
Non-Current Liabilities							
Borrowings	88	3,982	50,421	1,746	9,273	-	65,510
Provisions	183	6,180	463,174	2,793	10,324	-	482,654
Other non-current liabilities	-	-	-	-	-	-	-
	271	10,162	513,595	4,539	19,597	-	548,164
Total Non-Current Liabilities	7,940	242,552	860,764	127,089	131,138	-	1,369,483
Total Liabilities	14,609	108,641	2,979,942	1,143,431	751,487	-	4,998,190
NET ASSETS							

The names and purposes of each service delivery areas are summarised below.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

8. Consolidated disaggregated disclosure statements (cont'd)

Assets and liabilities 2024	Thriving and inclusive communities \$'000	Caring for children and families \$'000	Accessing justice and legal services \$'000	Responding to homelessness, growing social and affordable housing \$'000	Supporting young offenders and reducing adult reoffending \$'000	Not attributable \$'000	Total \$'000
ASSETS							
Current Assets							
Cash and cash equivalents	2,657	50,508	43,546	17,825	120,476	-	235,012
Receivables	2,840	109,663	118,722	39,017	50,880	-	321,122
Inventories	-	-	-	-	21,083	-	21,083
	5,497	160,171	162,268	56,842	192,439	-	577,217
Non-current assets held for sale	-	-	101	-	-	-	101
Total Current Assets	5,497	160,171	162,369	56,842	192,439	-	577,318
Non-Current Assets							
Receivables	585	384	29,742	171	1,084	-	31,966
Financial assets at fair value	-	-	-	-	2,274	-	2,274
Property, plant and equipment	14,649	199,449	3,700,713	47,412	6,069,812	-	10,032,035
Right-of-use assets	167	6,670	85,602	2,354	116,487	-	211,280
Intangible assets	98	3,912	80,475	1,381	11,170	-	97,036
Total Non-Current Assets	15,499	210,415	3,896,532	51,318	6,200,827	-	10,374,591
Total Assets	20,996	370,586	4,058,901	108,160	6,393,266	-	10,951,909
LIABILITIES							
Current Liabilities							
Payables	3,224	111,489	105,821	41,333	154,478	-	416,345
Borrowings	6	253	7,450	89	40,385	-	48,183
Provisions	4,964	106,297	215,284	46,962	261,597	-	635,104
Other current liabilities	78	3,106	2,677	1,096	887	-	7,844
Total Current Liabilities	8,272	221,145	331,232	89,480	457,347	-	1,107,476
Non-Current Liabilities							
Borrowings	35	1,414	41,160	499	733,805	-	776,913
Provisions	302	5,654	425,281	2,495	15,520	-	449,252
Other non-current liabilities	-	-	-	-	-	-	-
Total Non-Current Liabilities	337	7,068	466,441	2,994	749,325	-	1,226,165
Total Liabilities	8,609	228,213	797,673	92,474	1,206,672	-	2,333,641
NET ASSETS	12,387	142,373	3,261,228	15,686	5,186,594	-	8,618,268

The names and purposes of each service delivery areas are summarised below.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

8. Consolidated disaggregated disclosure statements (cont'd)

Administered expenses and income 2025	Thriving and inclusive communities \$'000	Caring for children and families \$'000	Accessing justice and legal services \$'000	Responding to homelessness, growing social and affordable housing \$'000	Supporting young offenders and reducing adult reoffending \$'000	Not attributable \$'000	Total \$'000
Administered Expenses							
Transfer payments	3,512,166	-	-	-	-	181,554	3,693,720
Other	-	-	-	-	-	28,676	28,676
Total Administered Expenses	3,512,166	-	-	-	-	210,230	3,722,396
Administered Income							
Transfer receipts	3,512,166	-	174,579	-	-	6,975	3,693,720
Consolidated Fund Taxes, fees and fines	-	-	28,676	-	-	-	28,676
Total Administered Income	3,512,166	-	203,255	-	-	6,975	3,722,396
Administered income less expenses	-	-	203,255	-	-	(203,255)	-

The names and purposes of each service delivery areas are summarised below.

Administered assets and liabilities are disclosed in Note 29.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

8. Consolidated disaggregated disclosure statements (cont'd)

Administered expenses and income 2024	Thriving and inclusive communities \$'000	Caring for children and families \$'000	Accessing justice and legal services \$'000	Responding to homelessness, growing social and affordable housing \$'000	Supporting young offenders and reducing adult reoffending \$'000	Not attributable \$'000	Total \$'000
Administered Expenses							
Transfer payments	3,367,983	-	-	-	-	159,201	3,527,184
Other	-	-	-	-	-	13,874	13,874
Total Administered Expenses	3,367,983	-	-	-	-	173,075	3,541,058
Administered Income							
Transfer receipts	3,390,812	-	152,558	-	-	6,643	3,550,013
Consolidated Fund Taxes, fees and fines	-	-	13,874	-	-	-	13,874
Total Administered Income	3,390,812	-	166,432	-	-	6,643	3,563,887
Administered Income less expenses	22,829	-	166,432	-	-	(166,432)	22,829

The names and purposes of each service delivery areas are summarised below.

8. Consolidated disaggregated disclosure statements (cont'd)

Disaggregated disclosure description for the years ended 30 June 2024 and 30 June 2025

(a) Thriving and inclusive communities

Delivering programs and support services that aim to improve wellbeing, increase physical activity and community participation, and promote community harmony social inclusion and cohesion, particularly for participants in the NDIS.

(b) Caring for children and families

Ensuring the safety and wellbeing of vulnerable, children, young people and families, and protecting them from the risk of harm, abuse and neglect.

(c) Accessing justice and legal services

Resolving matters through legal services, the administration of courts and tribunals, and client-facing justice services to victims and vulnerable people.

(d) Responding to homelessness, growing social and affordable housing

Assisting people who are unable to access or maintain appropriate housing, including homelessness services.

(e) Supporting young offenders and reducing adult reoffending

Operating the State's corrections system, including support for, and management of, adult and juvenile offenders in correctional centres and the community.

9. Cash and cash equivalents

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	173,287	233,617	174,678	235,012
Total cash and cash equivalents	173,287	233,617	174,678	235,012

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash at bank and short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of financial year to the Statement of Cash Flows as follows:

Cash and cash equivalents (per Statement of Financial Position)	173,287	233,617	174,678	235,012
Closing cash and cash equivalents (per Statement of Cash Flows)	173,287	233,617	174,678	235,012

Cash at bank includes \$15.1 million (2024: \$13.4 million) that is restricted. Refer to Note 6 for further details.

Refer to Note 27 for details regarding credit risk and market risk arising from financial instruments.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

10. Receivables

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Current				
Trade receivables from contracts with customers	29,518	35,403	29,518	35,403
Rental receivables	2,803	8,286	2,803	8,286
Bond loan receivables	18,329	14,605	18,329	14,605
Other receivables	-	664	-	664
	50,650	58,958	50,650	58,958
Less: Allowance for expected credit losses*				
- Trade receivables from contracts with customers	(23,837)	(26,444)	(23,837)	(26,444)
- Other receivables	(1,585)	(2,332)	(1,585)	(2,332)
Total expected credit losses	(25,422)	(28,776)	(25,422)	(28,776)
Amounts due from other government agencies	138,250	73,728	138,250	73,728
Goods and services tax recoverable from ATO	39,607	25,861	39,607	25,861
Long service leave	20,093	18,873	20,093	18,873
Personnel services	40,863	37,265	40,863	37,265
Victims compensation fund/criminal injuries	7,288	7,240	7,288	7,240
Prepayments	91,657	103,963	91,657	103,963
Other receivables	27,613	24,010	27,613	24,010
	390,599	321,122	390,599	321,122
*Movements in the allowance for expected credit losses				
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	28,776	26,359	28,776	26,359
Transferred out from administrative restructure - 1 October 2024	(2,782)	-	(2,782)	-
Amounts written off during the year	(760)	(238)	(760)	(238)
Increase/(decrease) in allowance recognised in net results	188	2,661	188	2,661
Other movement	-	(6)	-	(6)
Balance at 30 June	25,422	28,776	25,422	28,776
	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Non-current				
Lease incentives	238	411	238	411
Long service leave	2,233	2,097	2,233	2,097
Personnel services	514	460	514	460
Victims compensation fund/criminal injuries	29,150	28,962	29,150	28,962
Other receivables	36	36	36	36
	32,171	31,966	32,171	31,966
Total Receivables	422,770	353,088	422,770	353,088

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

10. Receivables (cont'd)

(a) Trade receivables from contracts with customers

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Amounts receivable from contracts with customers	128,869	130,150	128,869	130,150
Less:				
Amounts receivable that do not meet the asset recognition criteria	(99,351)	(94,747)	(99,351)	(94,747)
Allowance for impairment	(23,837)	(26,444)	(23,837)	(26,444)
	5,681	8,959	5,681	8,959

(b) Retained fees – Victim Support Fund debtors

Amounts receivable from restitution orders made or confirmed by the Victims Compensation Tribunal	302,242	300,030	302,242	300,030
Less:				
Amounts receivable that do not meet the asset recognition criteria	(265,806)	(263,829)	(265,806)	(263,829)
Victims Compensation Fund Debtors	36,436	36,201	36,436	36,201
This is represented by:				
Current	7,287	7,240	7,287	7,240
Non-current	29,149	28,961	29,149	28,961
	36,436	36,201	36,436	36,201

(c) Retained fees – Criminal injuries Compensation

Amounts receivable from restitution orders made or confirmed by the Victims Compensation Tribunal	142	142	142	142
Less:				
Amounts receivable that do not meet the asset recognition criteria	(140)	(140)	(140)	(140)
Victims Compensation Fund Debtors	2	2	2	2
This is represented by:				
Current	-	-	-	-
Non-current	2	2	2	2
	2	2	2	2

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 27.

Recognition and measurement

The Department recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the Department becomes a party to the contractual provisions of the instrument, the Department considers:

- Whether the Department has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

10. Receivables (cont'd)

Recognition and measurement (cont'd)

- (a) Trade receivables from contracts with customers and other receivables are recognised for accounting purposes only when they comply with established asset recognition criteria, where debts can be reliably measured and provide a future economic benefit.

Court debtors held at Revenue NSW are recognised based on average cash receipts for the three years ended 30 June 2025. The balance of the court debts held at Revenue NSW, which are not recognised, are shown above as "Amounts receivable that do not meet the asset recognition criteria".

- (b) Retained fees – Victims Support Fund debtors are recognised for accounting purposes only when they comply with established asset recognition criteria, where debts can be reliably measured and provide a future economic benefit.

This represents the Department's best estimate in accordance with accounting standards. The majority of the gross receivable of \$302.2 million (2024: \$300.0 million) does not meet the asset recognition criteria because the Department has a documented history of non-payment by the perpetrators of crimes. The current balance is represented by the average collection rate and the non-current balance is represented by five years of reliable recovery rate.

- (c) Retained fees – Criminal Injuries Compensation debtors under the former *Criminal Injuries Compensation Act 1967* are recognised for accounting purposes only when they comply with established asset recognition criteria, where debts can be reliably measured and provide a future economic benefit.

This represents the Department's best estimate in accordance with accounting standards. The majority of the gross receivable of \$0.1 million (2024: \$0.1 million) does not meet the asset recognition criteria because the Department has a documented history of non-payment by the perpetrators of crimes. A five year average collection rate best represents those debtors that management believe will be received.

Details regarding credit risk of trade debtors that are neither past due nor impaired, are disclosed in Note 27.

Subsequent measurement

The Department holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Department recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Department expects to receive, discounted at the original effective interest rate.

For trade receivables, the Department applies a simplified approach in calculating ECLs. The Department recognises a loss allowance based on lifetime ECLs at each reporting date. The Department has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

11. Inventories

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Raw materials - at cost	-	8,155	-	8,155
Work in progress - at cost	-	563	-	563
Finished goods - at cost	-	11,413	-	11,413
Livestock - At net realisable value ²	-	952	-	952
	-	21,083	-	21,083

As at 30 June 2025, the inventory balance is nil due to the transfer of Corrective Services NSW-related inventory as part of the administrative restructure on 1 October 2024. Refer to Note 22(i).

Recognition and measurement

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

The cost of inventories acquired at no cost or for nominal consideration is the current replacement cost as at the date of acquisition. Current replacement cost is the cost the Department would incur to acquire the asset. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

² Market appraisals have been obtained to determine fair value, less cost to sell, of all livestock held at the end of the reporting period.

12. Derivative assets and liabilities

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Foreign exchange contracts	9	-	9	-
Current derivative assets at fair value	9	-	9	-
Interest rate swap	-	2,274	-	2,274
Non-current derivative assets at fair value	-	2,274	-	2,274
Foreign exchange contracts	81	-	81	-
Current derivative liabilities at fair value	81	-	81	-

Refer to Note 27 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

During the year ended 30 June 2025, the Department entered into arrangements with NSW TCorp to mitigate exposure to changes in foreign exchange rates arising from the commitments of purchasing IT related services from overseas suppliers. As at 30 June 2025, the Department had three foreign exchange forward contracts outstanding.

The interest rate swap derivative carried as financial assets in 2024, shifted from positive fair value to negative fair value and was subsequently transferred out as part of the administrative restructure as a derivative liability in 2025. Refer to Note 22(i) for further details.

Recognition and Measurement

The Department recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the Department becomes a party to the contractual provisions of the instrument, the Department considers:

- Whether the entity has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

The Department's financial assets at fair value are classified, at initial recognition, as subsequently measured at fair value through profit or loss.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value under AASB 9.

Financial assets are held for trading if acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The derivatives are not designated in an accounting hedge relationship.

The derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The change in fair value of the derivative financial assets or liabilities are recognised in net results and presented net within other gains/(losses).

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment

(a) Total property, plant and equipment

PARENT	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023 - fair value			
Gross carrying amount	12,282,306	1,235,729	13,518,035
Accumulated depreciation and impairment	(3,685,396)	(491,996)	(4,177,392)
Net carrying amount	8,596,910	743,733	9,340,643
Year ended 30 June 2024			
Net carrying amount at beginning of year	8,596,910	743,733	9,340,643
Additions ³	100,423	81,572	181,995
Disposals	(13,560)	(4,758)	(18,318)
Impairment losses	(258)	-	(258)
Net change in revaluation surplus of property, plant and equipment	680,827	-	680,827
Transfers (to)/from intangible assets	(869)	11,851	10,982
Depreciation expense	(246,226)	(100,100)	(346,326)
Assets transferred in from administrative restructure -1 February 2024 (Note 22(ii))	170,867	-	170,867
Assets transferred to expense ⁴	(389)	(41)	(430)
Reclassification between classes	(356)	356	-
Net carrying amount at end of year	9,287,369	732,613	10,019,982

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ Asset transferred to repair and maintenance expense due to non-capital in nature. AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of Nil in 2023-24. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(a) Total property, plant and equipment (cont'd)

PARENT	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2024 - fair value			
Gross carrying amount	13,211,123	1,122,024	14,333,147
Accumulated depreciation and impairment	(3,923,754)	(389,411)	(4,313,165)
Net carrying amount	9,287,369	732,613	10,019,982
Year ended 30 June 2025			
Net carrying amount at beginning of year	9,287,369	732,613	10,019,982
Additions ³	925,808	65,791	991,599
Disposals	(16,705)	(14,190)	(30,895)
Impairment losses	-	-	-
Net change in revaluation surplus of property, plant and equipment	191,611	-	191,611
Transfers (to)/from intangible assets	-	6,917	6,917
Transfers (to)/from assets held for sale (Note 16)	(120,599)	-	(120,599)
Depreciation expense	(145,559)	(64,940)	(210,499)
Assets transferred out from administrative restructure - 1 October 2024 (Note 22(i))	(4,995,515)	(420,902)	(5,416,417)
Assets transferred to expense ⁴	-	(2,526)	(2,526)
Reclassification between classes	(4,099)	4,099	-
Net carrying amount at end of year	5,122,311	306,862	5,429,173
At 30 June 2025 - fair value			
Gross carrying amount	6,946,462	489,853	7,436,315
Accumulated depreciation and impairment	(1,824,151)	(182,991)	(2,007,142)
Net carrying amount	5,122,311	306,862	5,429,173

The assets transferred out from administrative restructure on 1 October 2024 includes the net carrying amount of service concession assets relating to land and buildings of \$1,265.0 million and plant and equipment of \$162.0 million (2024: land and buildings - \$1,272.9 million, plant and equipment - \$166.8 million). The decrease in asset value in 2024-25 up to the transfer date is due to depreciation of \$12.7 million (2024: decrease due to depreciation of \$51.6 million and disposal of \$1.1 million offset by increase of \$4.9 million of addition and \$39.1 million from revaluation of land and buildings).

In June 2025, the Department acquired \$884.3 million worth of vacant land, redevelopment sites, and residential properties intended for social housing. These acquisitions were made from the NSW Land and Housing Corporation, other NSW Government agencies, and the private market.

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 17.

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ Asset transferred to repair and maintenance expense due to non-capital in nature. AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of \$2.5 million in 2024-25. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(a) Total property, plant and equipment (cont'd)

CONSOLIDATED	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023 - fair value			
Gross carrying amount	12,294,810	1,235,729	13,530,539
Accumulated depreciation and impairment	(3,686,430)	(491,996)	(4,178,426)
Net carrying amount	8,608,380	743,733	9,352,113
Year ended 30 June 2024			
Net carrying amount at beginning of year	8,608,380	743,733	9,352,113
Additions ³	100,423	81,572	181,995
Disposals	(13,560)	(4,758)	(18,318)
Impairment losses	(258)	-	(258)
Net change in revaluation surplus of property, plant and equipment	681,605	-	681,605
Transfers (to)/from intangible assets	(869)	11,851	10,982
Depreciation expense	(246,421)	(100,100)	(346,521)
Assets transferred in from administrative restructure -1 February 2024 (Note 22(ii))	170,867	-	170,867
Assets transferred to expense ⁴	(389)	(41)	(430)
Reclassification between classes	(356)	356	-
Net carrying amount at end of year	9,299,422	732,613	10,032,035

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ Asset transferred to repair and maintenance expense due to non-capital in nature. AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of Nil in 2023-24. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(a) Total property, plant and equipment (cont'd)

CONSOLIDATED	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2024 - fair value			
Gross carrying amount	13,224,223	1,122,024	14,346,247
Accumulated depreciation and impairment	(3,924,801)	(389,411)	(4,314,212)
Net carrying amount	9,299,422	732,613	10,032,035
Year ended 30 June 2025			
Net carrying amount at beginning of year	9,299,422	732,613	10,032,035
Additions ³	925,808	65,791	991,599
Disposals	(16,706)	(14,190)	(30,896)
Impairment losses	-	-	-
Net change in revaluation surplus of property, plant and equipment	191,873	-	191,873
Transfers (to)/from intangible assets	-	6,917	6,917
Transfers (to)/from assets held for sale (Note 16)	(120,599)	-	(120,599)
Depreciation expense	(145,761)	(64,940)	(210,701)
Assets transferred out from administrative restructure -1 October 2024 (Note 22(ii))	(4,995,515)	(420,902)	(5,416,417)
Assets transferred to expense ⁴	-	(2,526)	(2,526)
Reclassification between classes	(4,099)	4,099	-
Net carrying amount at end of year	5,134,423	306,862	5,441,285
At 30 June 2025 - fair value			
Gross carrying amount	6,959,748	489,853	7,449,601
Accumulated depreciation and impairment	(1,825,325)	(182,991)	(2,008,316)
Net carrying amount	5,134,423	306,862	5,441,285

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 17.

The assets transferred out from administrative restructure on 1 October 2024 includes the net carrying amount of service concession assets relating to land and buildings of \$1,265.0 million and plant and equipment of \$162.0 million (2024: land and buildings - \$1,272.9 million, plant and equipment - \$166.8 million). The decrease in asset value in 2024-25 up to the transfer date is due to depreciation of \$12.7 million (2024: decrease due to depreciation of \$51.6 million and disposal of \$1.1 million offset by increase of \$4.9 million of addition and \$39.1 million from revaluation of land and buildings).

In June 2025, the Department acquired \$884.3 million worth of vacant land, redevelopment sites, and residential properties intended for social housing. These acquisitions were made from the NSW Land and Housing Corporation, other NSW Government agencies, and the private market.

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ Asset transferred to repair and maintenance expense due to non-capital in nature. AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of \$2.5 million in 2024-25. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

13. Property, plant and equipment (cont'd)

(a) Total property, plant and equipment (cont'd)

Asset under Construction/ Works in Progress

Land and buildings comprise land and buildings and related work in progress. Plant and equipment comprises of computer equipment, furniture and fittings, plant, equipment, make-good assets, leasehold improvements, voice communications, data communications and work in progress. The value of works in progress relating to land and buildings and plant and equipment for parent and consolidated entities is \$209.1 million (2024: \$339.5 million) at 30 June 2025.

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ Asset transferred to repair and maintenance expense due to non-capital in nature. AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of \$2.5 million in 2024-25. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(b) Property, plant and equipment held and used by the Department

PARENT	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023 - fair value			
Gross carrying amount	10,830,436	1,235,729	12,066,165
Accumulated depreciation and impairment	(3,534,839)	(491,996)	(4,026,835)
Net carrying amount	7,295,597	743,733	8,039,330
Year ended 30 June 2024			
Net carrying amount at beginning of year	7,295,597	743,733	8,039,330
Additions ³	92,270	81,572	173,842
Disposals	(13,560)	(4,758)	(18,318)
Impairment losses	-	-	-
Net change in revaluation surplus of property, plant and equipment	512,429	-	512,429
Transfers (to)/from intangible assets	(869)	11,851	10,982
Depreciation expense	(216,442)	(100,100)	(316,542)
Assets transferred to expense ⁴	(389)	(41)	(430)
Reclassification between classes	(356)	356	-
Transfers to assets where the Department is lessor	(49,592)	-	(49,592)
Net carrying amount at end of year	7,619,088	732,613	8,351,701

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of \$Nil in 2023-24. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(b) Property, plant and equipment held and used by the Department (cont'd)

PARENT	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2024 - fair value			
Gross carrying amount	11,361,327	1,122,024	12,483,351
Accumulated depreciation and impairment	(3,742,239)	(389,411)	(4,131,650)
Net carrying amount	7,619,088	732,613	8,351,701
Year ended 30 June 2025			
Net carrying amount at beginning of year	7,619,088	732,613	8,351,701
Additions ³	769,292	65,791	835,083
Disposals	(13,791)	(14,190)	(27,981)
Impairment losses	-	-	-
Net change in revaluation surplus of property, plant and equipment	126,752	-	126,752
Transfers (to)/from intangible assets	-	6,917	6,917
Transfers (to)/from assets held for sale (Note 16)	(120,700)	-	(120,700)
Depreciation expense	(112,216)	(64,940)	(177,156)
Asset transferred out from administrative restructure - 1 October 2024	(4,995,515)	(420,902)	(5,416,417)
Assets transferred to expense ⁴	-	(2,526)	(2,526)
Reclassification between classes	(4,099)	4,099	-
Transfers (to)/from assets where the Department is lessor	75,736	-	75,736
Net carrying amount at end of year	3,344,547	306,862	3,651,409
At 30 June 2025 - fair value			
Gross carrying amount	4,968,622	489,853	5,458,475
Accumulated depreciation and impairment	(1,624,075)	(182,991)	(1,807,066)
Net carrying amount	3,344,547	306,862	3,651,409

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of \$2.5 million in 2024-25. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(c) Property, plant and equipment held and used by the Department (cont'd)

CONSOLIDATED	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023 - fair value			
Gross carrying amount	10,830,437	1,235,729	12,066,166
Accumulated depreciation and impairment	(3,534,840)	(491,996)	(4,026,836)
Net carrying amount	7,295,597	743,733	8,039,330
Year ended 30 June 2024			
Net carrying amount at beginning of year	7,295,597	743,733	8,039,330
Additions ³	92,270	81,572	173,842
Disposals	(13,560)	(4,758)	(18,318)
Impairment losses	-	-	-
Net change in revaluation surplus of property, plant and equipment	512,429	-	512,429
Transfers (to)/from intangible assets	(869)	11,851	10,982
Transfers from assets held for sale (Note 16)	-	-	-
Depreciation expense	(216,442)	(100,100)	(316,542)
Assets transferred to expense ⁴	(389)	(41)	(430)
Reclassification between classes	(356)	356	-
Transfers to assets where the Department is lessor	(49,592)	-	(49,592)
Net carrying amount at end of year	7,619,088	732,613	8,351,701

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of \$Nil in 2023-24. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(b) Property, plant and equipment held and used by the Department (cont'd)

CONSOLIDATED	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2024 - fair value			
Gross carrying amount	11,361,328	1,122,024	12,483,352
Accumulated depreciation and impairment	(3,742,239)	(389,411)	(4,131,650)
Net carrying amount	7,619,089	732,613	8,351,702
Year ended 30 June 2025			
Net carrying amount at beginning of year	7,619,089	732,613	8,351,702
Additions ³	769,292	65,791	835,083
Disposals	(13,792)	(14,190)	(27,982)
Impairment losses	-	-	-
Net change in revaluation surplus of property, plant and equipment	126,752	-	126,752
Transfers (to)/from intangible assets	-	6,917	6,917
Transfers (to)/from assets held for sale (Note 16)	(120,700)	-	(120,700)
Depreciation expense	(112,216)	(64,940)	(177,156)
Asset transferred out from administrative restructure - 1 October 2024	(4,995,515)	(420,902)	(5,416,417)
Assets transferred to expense ⁴	-	(2,526)	(2,526)
Reclassification between classes	(4,099)	4,099	-
Transfers (to)/from assets where the Department is lessor	75,736	-	75,736
Net carrying amount at end of year	3,344,547	306,862	3,651,409
At 30 June 2025 - fair value			
Gross carrying amount	4,968,622	489,853	5,458,475
Accumulated depreciation and impairment	(1,624,075)	(182,991)	(1,807,066)
Net carrying amount	3,344,547	306,862	3,651,409

³ Additions are net of transfers between asset groups of land and buildings and plant and equipment upon completion of work in progress during the year.

⁴ AASB Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* requires the make good asset to be measured at cost. When there is a decrease in make good provision, the decrease is deducted from the cost of the make good asset. This resulted in a make good asset loss on disposal of \$2.5 million in 2024-25. The loss is offset against the reversal of the make good provision to make good expense for the provisions no longer required in the current year, resulting in a credit in the make good expense.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(c) Property, plant and equipment where the Department is lessor under operating leases

PARENT	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023 - fair value			
Gross carrying amount	1,451,870	-	1,451,870
Accumulated depreciation and impairment	(150,557)	-	(150,557)
Net carrying amount	1,301,313	-	1,301,313
Year ended 30 June 2024			
Net carrying amount at beginning of year	1,301,313	-	1,301,313
Additions	8,153	-	8,153
Disposals	-	-	-
Impairment losses	(258)	-	(258)
Net change in revaluation surplus of property, plant and equipment	168,398	-	168,398
Depreciation expense	(29,784)	-	(29,784)
Asset transferred in from administrative restructure - 1 February 2024	170,867	-	170,867
Reclassification between classes	-	-	-
Transfers from assets held and used by the Department	49,592	-	49,592
Net carrying amount at end of year	1,668,281	-	1,668,281
PARENT			
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2024 - fair value			
Gross carrying amount	1,849,796	-	1,849,796
Accumulated depreciation and impairment	(181,515)	-	(181,515)
Net carrying amount	1,668,281	-	1,668,281
Year ended 30 June 2025			
Net carrying amount at beginning of year	1,668,281	-	1,668,281
Additions	156,516	-	156,516
Disposals	(2,914)	-	(2,914)
Impairment losses	-	-	-
Net change in revaluation surplus of property, plant and equipment	64,859	-	64,859
Transfers (to)/from assets held for sale (Note 16)	101	-	101
Depreciation expense	(33,343)	-	(33,343)
Asset transferred out from administrative restructure - 1 October 2024	-	-	-
Reclassification between classes	-	-	-
Transfers to assets held and used by the Department	(75,736)	-	(75,736)
Net carrying amount at end of year	1,777,764	-	1,777,764
At 30 June 2025 - fair value			
Gross carrying amount	1,977,840	-	1,977,840
Accumulated depreciation and impairment	(200,076)	-	(200,076)
Net carrying amount	1,777,764	-	1,777,764

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

13. Property, plant and equipment (cont'd)

(c) Property, plant and equipment where the Department is lessor under operating leases (cont'd)

CONSOLIDATED	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2023 - fair value			
Gross carrying amount	1,464,373	-	1,464,373
Accumulated depreciation and impairment	(151,590)	-	(151,590)
Net carrying amount	1,312,783	-	1,312,783
Year ended 30 June 2024			
Net carrying amount at beginning of year	1,312,783	-	1,312,783
Additions	8,153	-	8,153
Disposals	-	-	-
Impairment losses	(258)	-	(258)
Net change in revaluation surplus of property, plant and equipment	169,176	-	169,176
Depreciation expense	(29,980)	-	(29,980)
Asset transferred in from administrative restructure - 1 February 2024	170,867	-	170,867
Reclassification between classes	-	-	-
Transfers from assets held and used by the Department	49,592	-	49,592
Net carrying amount at end of year	1,680,333	-	1,680,333
CONSOLIDATED	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2024 - fair value			
Gross carrying amount	1,862,895	-	1,862,895
Accumulated depreciation and impairment	(182,562)	-	(182,562)
Net carrying amount	1,680,333	-	1,680,333
Year ended 30 June 2025			
Net carrying amount at beginning of year	1,680,333	-	1,680,333
Additions	156,516	-	156,516
Disposals	(2,914)	-	(2,914)
Impairment losses	-	-	-
Net change in revaluation surplus of property, plant and equipment	65,121	-	65,121
Transfers (to)/from assets held for sale (Note 16)	101	-	101
Depreciation expense	(33,545)	-	(33,545)
Asset transferred out from administrative restructure - 1 October 2024	-	-	-
Reclassification between classes	-	-	-
Transfers to assets held and used by the Department	(75,736)	-	(75,736)
Net carrying amount at end of year	1,789,876	-	1,789,876
At 30 June 2025 - fair value			
Gross carrying amount	1,991,126	-	1,991,126
Accumulated depreciation and impairment	(201,250)	-	(201,250)
Net carrying amount	1,789,876	-	1,789,876

13. Property, plant and equipment (cont'd)

Recognition and measurement

Heritage Collection Assets

The Department owns various heritage collection assets within the Courts and Tribunal Services division. The current net book value of the heritage collection assets in 2024-25 is \$1.2 million (2023-24: \$2.9 million). The heritage collection assets transferred out from administrative restructure on 1 October 2024 is \$1.7 million. The heritage collection is valued by an independent valuer once in every 5 years with the last valuation completed as at 31 March 2023 in accordance with the Accounting Standards and NSW Treasury policies. The next comprehensive revaluation will be at 31 March 2028. The Department has recorded the heritage collection assets in the fixed asset register as non-depreciable assets under the Plant and Equipment asset class. Impairment of these assets will be assessed every five years based on an independent valuer's certificate.

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent (i.e. deferred payment amount is effectively discounted over the period of credit).

Capitalisation thresholds

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

When property, plant and equipment and intangible assets form part of a network, the cost of individual assets comprising the network are aggregated when applying the capitalisation threshold of \$5,000 or more. Once the \$5,000 capitalisation threshold is reached, further asset acquisitions that form part of the network are capitalised regardless of the amount.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the '*Valuation of Physical Non-Current Assets at Fair Value*' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction '*Valuation of Physical Non-Current Assets at Fair Value*' (TD21-05). TD21-05 and TPP21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use.

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* (AASB 2022-10) applies to annual periods beginning on or after 1 January 2024. AASB 2022-10 amends AASB 13 *Fair Value Measurement* (AASB 13). For non-financial assets of not-for-profit public sector entities that are not held primarily for their ability to generate net cash inflows, there is a rebuttable assumption that current use is highest and best use, unless the asset is classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or it is highly probable the asset will be used for an alternative purpose to its current use (AASB 13.Aus29.1 and Aus29.2).

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 17 for further information regarding fair value.

13. Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Revaluation of property, plant and equipment (cont'd)

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Department conducts a comprehensive revaluation at least every three years for its land and buildings (where the market, income or cost approach is the most appropriate valuation technique) and at least every five years for other classes of property, plant and equipment. A comprehensive revaluation of the Department's land, building and infrastructure assets was completed as at 31 March 2024 by a qualified independent valuer.

Where there has been a movement in indicators greater than 20% during the interval years (between the comprehensive revaluation years) and where the Department's interim revaluation demonstrates that fair value differs materially from carrying amount, the related asset must be revalued with the results of the revaluation recognised in the financial statements. Consideration must be given as to whether comprehensive revaluations are required more frequently. The Department needs to comprehensively revalue a class of assets more frequently where the assets are subject to significant and frequent movements in fair value. This decision must be made in conjunction with, or subject to the review of, an external professionally qualified valuer.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Department has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For Law Courts Limited, land is measured at fair value based on the market comparable approach that reflects recent transaction prices for similar properties. Buildings are measured at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value is recognised in the financial statements and is reviewed at the end of each reporting period to ensure that the carrying value of the land and buildings is not materially different from their fair value.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case the decrement is debited directly to the revaluation surplus.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Right-of-Use Assets acquired by lessees

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. The Department has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained at Note 14.

13. Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Service concession assets

Service concession arrangements are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services.

Based on the Department's assessment, the following arrangements fall in the scope of AASB 1059 *Service Concession Arrangements: Grantor* (AASB 1059). However, these were transferred out as part of the administrative restructure on 1 October 2024. Refer to Note 22(i) for further details on the administrative changes.

Description	Clarence Correctional Centre	Parklea and Junee Correctional Centre
Name & description of the service concession assets (SCAs)	The service concession arrangement involves an external operator provided with discretionary responsibility to maintain and operate the centre, as an integral part of NSW Corrective Services division of the Department, for periods as stated below. The Clarence Correctional Centre (CCC) Building was constructed by the external operator. It was completed and ready for use on 1 July 2020. It is financed through an external operator over the period of the arrangement. The CCC land is an existing asset of the Department prior to 1 July 2019 and was fully paid via capital appropriation fund. Commencing 1 July 2020, the external operator is paid an agreed fixed monthly managed service and operational fees until the contractual end date. The operational fees paid to the external operator are for rendering services, for instance essential corrective services, escort services, onsite health facilitation services, secured corrective centre asset maintenance and facilities services, rehabilitative educational and training services.	The service concession arrangements for Parklea and Junee Correctional Centre owned by the Department are operated by an external operator and is provided with discretionary responsibility to maintain and operate the centre, as an integral part of NSW Corrective Services division of the Department, for periods as stated below. The Correctional Centres are existing assets of the Department prior to 1 July 2019. Any subsequent major building construction were fully paid via capital appropriation fund and therefore no financing liability is recorded. The external operators are paid agreed fixed monthly managed service and operational fees since contract commencement date. The managed operational fees paid to the external operators are for rendering services, for instance essential corrective services, escort services, onsite health facilitation services, secured corrective centre asset maintenance and facilities services, rehabilitative educational and training services.
Period of the arrangement	1 July 2020 to 30 June 2040	Parklea: 31 March 2019 to 31 March 2026 Junee: 1 April 2019 to 31 March 2024 extended until 31 March 2025.
Terms of the arrangement	Under the project deed arrangement, the Department is obligated to make the following payments:	Under the project deed arrangement, the Department is obligated to pay ongoing services payments and asset maintenance fees.

13. Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Service concession assets (cont'd)

Description	Clarence Correctional Centre	Parklea and Junee Correctional Centre
Terms of the arrangement (cont'd)	- Ongoing Service Payments and asset maintenance fees, including transitional one-off fixed fee, interest and debt repayment. - The fixed regular loan repayment terms includes conditional escalation repayment amount due for repayment between 1 July 2022 to 30 June 2024. - The external operator has a forecasted floating interest rate on the loan repayment, ranging between 2.48% to 3.62% per annum up to the expiration date of the Department's contract with the external operator on 30 June 2040. The external operator had hedged their forecasted floating interest rate until 16 July 2022. - After the expiration of their hedge, the Department was exposed to the movements in interest rates subsequent to that date. Therefore, the Department has entered into a fifteen-year interest rate swap to hedge its interest rate exposure against the \$307 million debt held by the external party as of 16 January 2024. The swap rate was effective from 16 January 2024 at fixed rate of 4.309% against 3 months Bank Bill Swap Rate (BBSW) plus 5bps spread. The interest rate swap is a derivative not designated in an accounting hedge relationship and therefore the interest rate swap will subsequently be measured at fair value through profit or loss. Refer to Note 12 for further details.	
Rights and obligations	There is no early termination or option period after the contractual end date stated above. The Department has accounting control over the site and has provided site access to the external operator to operate. Following the contractual end date, the Department continues to own the assets managed by the external operator.	There is no early termination or option period after the contractual end date stated above. The Department has accounting control over the site and has provided site access to the external operator to operate. Following the contractual end date, the Department continues to own the assets managed by the external operator.
The carrying amount of SCAs and service concession liabilities (SCLs) as at 30 June 2024	\$728.7 million (SCAs) and \$699.2 million (SCLs)	Parklea: \$373.7 million (SCAs) Junee: \$337.3 million (SCAs)
The carrying amount of SCAs and SCLs transferred out on 1 October 2024	\$720.6 million (SCAs) and \$691.0 million (SCLs)	Parklea: \$371.1 million (SCAs) Junee: \$335.3 million (SCAs)

13. Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Service concession assets (cont'd)

i. Initial recognition

For arrangements within the scope of AASB 1059, the Department recognises a service concession asset when it controls the asset. Where the asset is provided by the operator or is an upgrade to or a major component replacement of an existing asset of the Department, the asset is recognised at current replacement cost based on AASB 13 *Fair Value Measurement* (AASB 13) principles.

Where the asset is an existing asset of the Department, the asset is reclassified as a service concession asset and remeasured at current replacement cost at the date of reclassification. Any difference between the previous carrying amount and current replacement cost is recognised as if it is a revaluation of the asset.

ii. Subsequent to initial recognition

Subsequent to the initial recognition or reclassification, the service concession asset is measured at current replacement cost and accounted for in accordance with the depreciation and impairment requirements of AASB 116 *Property, Plant and Equipment* (AASB 116), AASB 138 *Intangible Assets* (AASB 138) and AASB 136 *Impairment of Assets* (AASB 136).

iii. At the end of the arrangement

At the end of the service concession arrangement:

- the Department accounts for the asset in accordance with other AAS, with the Department reclassifying the asset based on its nature or function;
- reference to fair value reverts from the mandated current replacement cost under AASB 1059 to the appropriate approach under AASB 13; and
- the asset is only derecognised when the Department loses control of the asset in accordance with AASB 116.

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 is unlikely to arise. Since property, plant and equipment are carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Department assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Department estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The reversal is recognised in other comprehensive income and is treated as a revaluation increase except, to the extent that an impairment loss on the same class of asset was previously recognised in net result, then the reversal is recognised in net result.

De-recognition of property, plant and equipment

Property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the Statement of Comprehensive Income.

13. Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Department.

All material identifiable components of assets are depreciated over their useful lives. Land and heritage collection assets are not depreciable.

Heritage assets including original artworks, collections and furniture items may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

The estimated useful lives of the Department's depreciable assets used for each class of assets are as follows:

Asset Class	Estimated Useful Life	Depreciation Rate
Land	Infinite	Not depreciated
Buildings and Infrastructure	10 to 50 years	2% to 10%
Plant, furniture, motor vehicles and equipment - general and commercial	4 to 10 years	10% to 25%
Plant, furniture and equipment - industrial	20 years	5%
Leasehold improvements	Shorter of estimated useful life or term of lease	

For Law Courts Limited:

Asset Class	Estimated Useful life	Depreciation rates
Buildings	6 to 50 years	2.0% to 16.7%
Buildings (plant component)	8 to 40 years	2.5% to 12.5%
Furniture, Fittings and Fixtures	10 to 15 years	6.7% to 10%

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

14. Leases

As a Lessee

The Department leases various properties (office accommodation), equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Department does not provide residual value guarantees in relation to leases.

In addition, the Department also has the following finance lease arrangements in 2025 where the Department is a lessee:

- (i) An arrangement entered into to lease the John Maddison Tower constructed by a private sector company to house the District Court and the Dust Diseases Tribunal; and
- (ii) A Corrective Services NSW division lease for the Long Bay Forensic and Prison Hospitals at Long Bay under a Project Deed.

The John Maddison Tower lease (refer (i) above) commenced on 1 July 1995, with a non-cancellable term of 25 years and provision for an option of a further 15 years. The option has been exercised and commenced on 1 July 2020. The building is constructed on land owned by the Department. The land is subject to a head lease from the Department to the private sector company. The head lease rental is \$1.3 million (2024: \$1.3 million) which the Department recovers in rental offsets. The classification of the lease as a finance lease was based on the assumption that the option to extend the lease for a further 15 years would be taken up by the Department.

In 2006-07, the former Department of Corrective Services engaged a private sector company, PPP Solutions (Long Bay) Pty Limited, to finance, design, construct and maintain the Long Bay Forensic and Prison Hospitals at Long Bay under a Project Deed. The asset was delivered via finance lease. The finance lease liability for the duration of the term until May 2034, previously recognised by the Department, has been transferred out as part of the equity transfer. Refer to Note 22(i).

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Department and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of \$Nil (2024: \$Nil) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options resulted in changes to lease liabilities and right-of-use assets of \$Nil (2024: \$Nil).

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Department has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

14. Leases (cont'd)

As a Lessee (cont'd)

Office accommodation arrangements with Property and Development NSW (PDNSW) has a “substitution right” clause, that gives PDNSW a right to relocate the Department during the term of the agreement. Therefore, these agreements are not accounted for as a lease within the scope of AASB 16. This involves judgment that the “substitution right” clause in the agreement provides PDNSW with a substantive substitution right. Management judgments include an assessment that PDNSW can obtain benefits from exercising the substitution right through efficiencies in office accommodation at the whole-of-government level and/or its other service objectives. It is also considered practical for PDNSW to exercise the substitution right, due to the non-specialised nature of the relevant office accommodation. The accommodation charges are recognised as expenses when incurred over the agreement duration.

The Department is responsible to make good the accommodation, and to control the fit-out during the remaining occupancy period, as the Department receives the economic benefits through using the fit-out, or through expected compensation from PDNSW, if PDNSW exercises its right to relocate the Department. Therefore, the Department’s accounting treatment for its make-good provisions and fit-out costs in relation to the relevant accommodation is the same as for other AASB 16 leases. Refer to Note 20(vi) for further details.

Right-of-use assets under leases

The following table presents right-of-use assets that do not meet the definition of investment property.

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	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2024	187,852	23,428	211,280
Additions	309	13,064	13,373
Depreciation expense	(4,455)	(8,665)	(13,120)
Right-of-use assets transferred out from administrative restructure	(60,761)	(10,369)	(71,130)
Lease modifications	1	655	656
Disposal	(236)	(200)	(436)
Balance at 30 June 2025	122,710	17,913	140,623

	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2023	193,332	20,877	214,209
Additions	174	12,540	12,714
Depreciation expense	(5,654)	(11,586)	(17,240)
Lease modifications	-	1,739	1,739
Disposal	-	(142)	(142)
Balance at 30 June 2024	187,852	23,428	211,280

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14. Leases (cont'd)

As a Lessee (cont'd)

Lease liabilities

The following table presents liabilities under leases:

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	2025 \$'000	2024 \$'000
Balance at 1 July	125,115	126,266
Additions	13,373	12,712
Interest expenses	7,991	10,985
Payments	(19,275)	(26,442)
Lease liabilities transferred out from administrative restructure	(52,827)	-
Lease modifications	657	1,737
Disposal	(457)	(143)
Balance at 30 June	74,577	125,115

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Department is the lessee:

	2025 \$'000	2024 \$'000
Depreciation expense of right-of-use assets	13,120	17,240
Interest expense on lease liabilities	7,991	10,985
Expense relating to short-term leases	768	1,390
Total amount recognised in the statement of comprehensive income	21,879	29,615

The Department had total cash outflows for leases of \$15.1 million in 2024-25 (2024: \$26.4 million).

Leases at significantly below-market terms and conditions principally to enable the Department to further its objectives

The Department has the following major categories for concessionary leases in 2024-25:

- (i) The Department had entered into a 16 year lease from 1 October 2017 and a 3 year lease from 1 July 2020 (currently on holdover) with the NSW Land and Housing Corporation (LAHC) for lease payments of \$1 per annum. The 16 year lease is for the use of 11 (2024: 11) residential buildings to provide specialist disability accommodation under the NDIS. These buildings are subleased to the non-government organisations (NGOs) and account for a small portion of similar assets the Department is providing for the purpose of specialist disability accommodation under the NDIS. The holdover lease is for the purpose of an Integrated Child and Family Centre. Therefore, it does not have a significant impact on the Department's operation.

14. Leases (cont'd)

As a Lessee (cont'd)

- (ii) The Department originally entered into 5 separate lease agreements of 10 to 40 years of lease with the local councils, Police Citizens Youth Clubs NSW, Health Administration Corporation NSW and Minister for Education NSW for the use of these community centres. One of these leases is currently on holdover for the 2024-25 financial year and is in the process of renewal. The lease contract specifies lease payments of \$1 per annum. The leased premises must be used for integrated delivery of services for children, families and communities and as Aboriginal Child and Family Centres. These properties are subleased to the NGOs and account for a small portion of the similar assets the Department is providing as community centres. Therefore, it does not have a significant impact on the Department's operation.

Recognition and measurement

The Department assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Department recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

The Department recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer to Note 14(ii) below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- land and buildings: 1 to 36 years
- motor vehicles and other equipment: 1 to 5 years.

If ownership of the leased asset transfers to the Department at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the remaining estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The Department assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Department estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

14. Leases (cont'd)

As a Lessee (cont'd)

Recognition and measurement (cont'd)

ii. Lease liabilities

At the commencement date of the lease, the Department recognises lease liabilities measured at the present value of lease payments relating to lease components to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable
- variable lease payments that depend on an index or a rate if any
- payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate if any.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Department's leases, the Department's incremental borrowing rate is used, being the rate that the Department would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Department uses T-Corp rates issued by NSW Treasury as its incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Department's lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

The Department applies the short-term lease recognition exemption to its short-term leases of properties and motor vehicles (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets (less than \$10,000) recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

iv. Leases that have significantly below-market terms and conditions principally to enable the Department to further its objectives

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the Department to further its objectives is same as normal right-of-use assets. They are measured at cost, subject to impairment.

The Department's properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

14. Leases (cont'd)

As a Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating leases as at 30 June are, as follows:

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	2025	2024
	\$'000	\$'000
Within one year	24,558	23,782
One to two years	25,295	24,912
Two to three years	17,450	26,095
Three to four years	790	17,934
Four to five years	255	942
Later than five years	20	317
Total (excluding GST)	68,368	93,982

Operating leases where the Department is a lessor relates to group home leases entered with Specialist Disability Accommodation providers as part of the implementation of the NDIS. The rental income receivable is in the nature of residential leasing arrangement, this is considered as input taxed sales and hence does not include GST in the figures disclosed above.

Recognition and measurement - lessor for operating leases

An operating lease is a lease other than a finance lease. Leases that the entity transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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15. Intangible assets

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	Software \$'000	Total \$'000
At 1 July 2023		
Cost (gross carrying amount)	211,987	211,987
Accumulated amortisation and impairment	(90,678)	(90,678)
Net carrying amount	121,309	121,309
Year ended 30 June 2024		
Net carrying amount at beginning of year	121,309	121,309
Additions	14,367	14,367
Transfer (to)/from property, plant and equipment	(10,982)	(10,982)
Disposals	(7,034)	(7,034)
Amortisation expense	(20,677)	(20,677)
Intangible assets transferred in from administrative restructure -1 February 2024(Note 22(ii))	53	53
Net carrying amount at end of year	97,036	97,036
At 1 July 2024		
Cost (gross carrying amount)	206,714	206,714
Accumulated amortisation and impairment	(109,678)	(109,678)
Net carrying amount	97,036	97,036
Year ended 30 June 2025		
Net carrying amount at beginning of year	97,036	97,036
Additions	10,587	10,587
Transfer (to)/from property, plant and equipment	(6,917)	(6,917)
Disposals	(3,437)	(3,437)
Amortisation expense	(19,648)	(19,648)
Intangible assets transferred out from administrative restructure -1 October 2024(Note 22(i))	(10,013)	(10,013)
Net carrying amount at end of year	67,608	67,608
At 30 June 2025		
Cost (gross carrying amount)	169,675	169,675
Accumulated amortisation and impairment	(102,067)	(102,067)
Net carrying amount	67,608	67,608

Works in Progress

The value of works in progress within the intangible assets for parent and consolidated entities is \$24.1 million (2024: \$32.5 million) at 30 June 2025.

15. Intangible assets (cont'd)

Recognition and measurement

The Department recognises intangible assets only if it is probable that future economic benefits will flow to the Department and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the Department's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses. All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. The Department's intangible assets are amortised using the straight-line method over a period of three to ten years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Department with the right to access the cloud provider's application software over the contract period. As such the Department does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

During the financial year, the Department recognised \$Nil (2024: \$Nil) as prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

16. Non-current assets held for sale

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Assets held for sale - land and buildings	120,700	101	120,700	101
	120,700	101	120,700	101

Assets held for sale represents a disability land asset located in Rydalmere of \$120.7 million (2024: Bourke residential court assets \$0.1 million).

Recognition and measurement

The Department has certain non-current assets (or disposal groups) classified as held-for-sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held-for-sale are measured at the lower of their carrying amount and fair value less costs of disposal.

These assets are not depreciated/amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are continued to be recognised.

17. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Department's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13 *Fair Value Measurement*, the Department categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the Department can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Department recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

17. Fair value measurement of non-financial assets (cont'd)

(a) Fair value hierarchy

		Parent			Total fair value
		Level 1	Level 2	Level 3	
		\$'000	\$'000	\$'000	\$'000
2025					
Property, plant and equipment (Note 13)					
Land and buildings	-	770,789	4,278,552	5,049,341	
Plant and equipment	-	1,190	-	1,190	
Non-current assets held for sale (Note 16)	-	-	120,700	120,700	
Total Fair value measurement of non-financial assets	-	771,979	4,399,252	5,171,231	
		Parent			Total fair value
		Level 1	Level 2	Level 3	
		\$'000	\$'000	\$'000	\$'000
2024					
Property, plant and equipment (Note 13)					
Land and buildings	-	759,102	8,447,011	9,206,113	
Plant and equipment	-	2,937	-	2,937	
Non-current assets held for sale (Note 16)	-	-	101	101	
Total Fair value measurement of non-financial assets	-	762,039	8,447,112	9,209,151	
		Consolidated			Total fair value
		Level 1	Level 2	Level 3	
		\$'000	\$'000	\$'000	\$'000
2025					
Property, plant and equipment (Note 13)					
Land and buildings	-	777,440	4,284,014	5,061,454	
Plant and equipment	-	1,190	-	1,190	
Non-current assets held for sale (Note 16)	-	-	120,700	120,700	
Total Fair value measurement of non-financial assets	-	778,630	4,404,714	5,183,344	

There were no transfers between level 1 and 2 during the periods.

17. Fair value measurement of non-financial assets (cont'd)

(a) Fair value hierarchy (cont'd)

2024	Consolidated			Total fair value \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Property, plant and equipment (Note 13)				
Land and buildings	-	765,721	8,452,444	9,218,165
Plant and equipment	-	2,937	-	2,937
Non-current assets held for sale (Note 16)	-	-	101	101
Total Fair value measurement of non-financial assets	-	768,658	8,452,545	9,221,203

There were no transfers between level 1 and 2 during the periods.

(b) Valuation techniques, inputs and processes

A comprehensive revaluation of all the Department's properties has been performed by an external professionally qualified valuer as at 31 March 2024. A full valuation is conducted every three years. During the intervening periods, relevant indexation factors are used as an estimate of fair value.

The assets valued under level 2 inputs are valued using the market approach, due to the availability of market transactions and observable prices for similar assets. Valuers have considered matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment in determining the values. These values largely relate to all land assets and the majority of "buy/modify" building assets for which comparable values are available.

The assets valued under level 3 inputs are specialised assets which have been valued using the cost approach which is based on replacing the "service capacity" of the asset. These specialised assets are either:

- purpose built group homes where the replacement cost is based on actual construction costs incurred by the Department
- highly modified buildings which are significantly modified for the purpose of provision of care to disability clients, and the replacement costs are based on actual costs incurred by the Department
- large residential centres which are older, large institutional style buildings and valued by the external valuer at depreciated replacement cost
- court houses and youth justice centres where depreciated replacement cost is used due to highly specialised nature of the buildings and lack of market evidence.

17. Fair value measurement of non-financial assets (cont'd)

(b) Valuation techniques, inputs and processes (cont'd)

Refer to table of valuation techniques, inputs and processes in the table below⁵.

Asset Class	Level	Valuation technique	Inputs	Process
Land – (i) Group homes – with buildings with minor modifications (ii) Stand-alone residences – youth justice and corrective services (iii) Police Force Housing (iv) Correctional centre (Old Grafton)	2	Market Approach	Observable inputs - recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment.	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment.
Land – Group homes – with purpose built or significantly modified buildings	3	Market Approach	Observable inputs - recent sales in the residential property market considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. Unobservable inputs - buildings on the land are either purpose built or significantly modified and as land and building are considered as one complete asset for existing use purposes, these assets are measured at level 3.	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. The unobservable level 3 inputs are not considered to impact on the values determined by the market approach considering existing use of the asset.
Land – Large Residential Centres (LRC)	3	Market Approach	Observable inputs - land assets are considered special use assets with no direct comparable sales. The most relevant available site data for similar sites is considered using highest and best use. Unobservable inputs - specialised buildings are located on the land and as land and buildings are considered as one complete asset, these assets are measured at level 3.	These are large sites with few relevant recent sales of similar properties. Fair value is determined by considering the sales of the most relevant large properties. These provide a range of values per hectare and an appropriate rate per hectare within the range to arrive at a fair value.

⁵ Corrective Services assets have been transferred due to administrative restructure (refer to note 22) but are included in the table for 2023-24 comparatives.

17. Fair value measurement of non-financial assets (cont'd)

(b) Valuation techniques, inputs and processes (cont'd)

Asset Class	Level	Valuation technique	Inputs	Process
Land – Specialised (court houses, youth justice centres and correctional centres)	3	Market Approach	Observable Inputs - these land assets are valued using market evidence, (that is, based on a market selling price), with adjustments for varying characteristics including zoning, shape, flood and bushfire affectation, condition, location, comparability. Unobservable inputs - specialised buildings are located on the land and as Land and building are considered as one complete asset, these assets are measured at level 3.	The Direct Comparison Method has been utilised as the primary method of valuation. In this approach, the relative merits of the subject property and each of the sales are analysed and compared, having regard to matters such as location, aspect, topography, size of land, shape of land, size and quality of the improvements, features and condition of the improvements and current market sentiment.
Land – Residential (social housing - new addition during the year)	3	Market approach	Observable Inputs - these land assets are valued using market evidence, (that is, based on a market selling price), with adjustments for varying characteristics including zoning, shape, flood and bushfire affectation, condition, location, comparability.	The Direct Comparison Method has been utilised as the primary method of valuation. In this approach, the relative merits of the subject property and each of the sales are analysed and compared, having regard to matters such as location, aspect, topography, size of land, shape of land, size and quality of the improvements, features and condition of the improvements and current market sentiment. The Department may elect to adopt LAHC's mass appraisal methodology using a rolling benchmark valuation approach in future years. Using this methodology, properties are valued annually by accredited property valuers by reference to comparable market sales to calculate a market movement index and the market movement index is then applied to the remaining two-thirds of the benchmark properties.

17. Fair value measurement of non-financial assets (cont'd)

(b) Valuation techniques, inputs and processes (cont'd)

Asset Class	Level	Valuation technique	Inputs	Process
Land – held for redevelopment and vacant land (social housing- new addition during the year)	3	Valuer General of NSW unimproved capital value	Observable Inputs - these land assets are valued using market evidence, (that is, based on a market selling price), with adjustments for varying characteristics including zoning, shape, flood and bushfire affectation, condition, location, comparability. Land value per square metre is applied to determine fair value.	The Direct Comparison Method has been utilised as the primary method of valuation. In this approach, the relative merits of the subject property and each of the sales are analysed and compared, having regard to matters such as location, aspect, topography, size of land, shape of land, size and quality of the improvements, features and condition of the improvements and current market sentiment. The Department may elect to adopt LAHC's mass appraisal methodology using a rolling benchmark valuation approach in future years. Using this methodology, properties are valued annually by accredited property valuers by reference to comparable market sales to calculate a market movement index and the market movement index is then applied to the remaining two-thirds of the benchmark properties.
Buildings – (i) Group homes – with buildings with minor modifications (ii) Standalone residences – youth justice and corrective services (iii) Police Force Housing (iv) Corrective centre (Old Grafton)	2	Market Approach	Observable inputs - recent sales of comparable properties with adjustment for condition, location, comparability etc.	Visual inspection of the properties and assessment against recent sales of comparable properties with adjustment for condition, location, comparability etc.
Buildings – purpose built or significantly modified group homes	3	Cost Approach	Unobservable inputs - the highly modified and costly nature of the buildings positioned on residential land and utilised for mandated services. Observable inputs - actual construction costs are used for these purpose built and significantly modified buildings.	Actual construction costs are checked against the latest Rawlinson's Construction Handbook, Australian Bureau Statistics and external valuer's quantity surveyor.

17. Fair value measurement of non-financial assets (cont'd)

(b) Valuation techniques, inputs and processes (cont'd)

Asset Class	Level	Valuation technique	Inputs	Process
Buildings – LRC	3	Cost Approach	Unobservable inputs - market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing such assets. Observable inputs - Construction cost per square metre applied to determine replacement cost.	For comprehensive valuations, visual inspection of the properties and assessment of replacement cost by independent registered valuer, using building area and cost per square metre. Construction costs are checked against the latest Rawlinson's Construction Handbook, Australian Bureau Statistics and external valuer's quantity surveyor.
Buildings – Specialised (court houses, correctional and youth justice centres)	3	Cost Approach	Unobservable inputs - market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing such assets. Observable inputs - actual construction costs are used for these purpose built and significantly modified buildings.	Specialised buildings are assessed at depreciated replacement cost, due to lack of market evidence. Construction costs are checked against the latest Rawlinson's Construction Handbook, Australian Bureau Statistics and external valuer's quantity surveyor. In arriving at the rates to be used in valuing specialised buildings, an allowance has been made for professional fees, contingency, market movement, regional location and their specialised nature. The external valuers have also applied an allowance on top of the rates to take into account the heritage nature of some buildings.

17. Fair value measurement of non-financial assets (cont'd)

(b) Valuation techniques, inputs and processes (cont'd)

Asset Class	Level	Valuation technique	Inputs	Process
Buildings – Residential (social housing - new addition during the year)	3	Market approach	Observable Inputs - these building assets are valued using market evidence, (that is, based on a market selling price), with adjustments for varying characteristics including zoning, shape, flood and bushfire affectation, condition, location, comparability.	The Direct Comparison Method has been utilised as the primary method of valuation. In this approach, the relative merits of the subject property and each of the sales are analysed and compared, having regard to matters such as location, aspect, topography, size of land, shape of land, size and quality of the improvements, features and condition of the improvements and current market sentiment. The Department may elect to adopt LAHC's mass appraisal methodology using a rolling benchmark valuation approach in future years. Using this methodology, properties are valued annually by accredited property valuers by reference to comparable market sales to calculate a market movement index and the market movement index is then applied to the remaining two-thirds of the benchmark properties.
Plant and Equipment – Heritage assets	2	Market Approach	Observable inputs - market selling prices are used for heritage assets that are marketable.	Sample based inspection for various assets in conjunction with market evidence was used for valuation.

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17. Fair value measurement of non-financial assets (cont'd)

(c) Reconciliation of recurring Level 3 fair value measurements

	PARENT		
	Land and Buildings \$'000	Non-current assets held for sale \$'000	Total \$'000
Fair value as at 1 July 2024	8,447,011	101	8,447,112
Additions	894,663	-	894,663
Net change in revaluation surplus of property, plant and equipment recognised in other comprehensive income	149,325	-	149,325
Transfer to Level 2	-	(101)	(101)
Disposals	(9,950)	-	(9,950)
Depreciation expense	(128,283)	-	(128,283)
Assets held for sale in/(out)	(120,700)	120,700	-
Assets transferred out from administrative restructure - 1 October 2024	(4,972,520)	-	(4,972,520)
Other movements	19,006	-	19,006
Fair value as at 30 June 2025	4,278,552	120,700	4,399,252

	PARENT		
	Land and Buildings \$'000	Non-current assets held for sale \$'000	Total \$'000
Fair value as at 1 July 2023	7,954,793	101	7,954,894
Additions	127,769	-	127,769
Net change in revaluation surplus of property, plant and equipment recognised in other comprehensive income	614,636	-	614,636
Transfer to Level 2	(5,906)	-	(5,906)
Disposals	(11,505)	-	(11,505)
Depreciation expense	(231,550)	-	(231,550)
Assets held for sale in/(out)	-	-	-
Other movements	(1,226)	-	(1,226)
Fair value as at 30 June 2024	8,447,011	101	8,447,112

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17. Fair value measurement of non-financial assets (cont'd)

(c) Reconciliation of recurring Level 3 fair value measurements (cont'd)

	CONSOLIDATED		
	Land and Buildings \$'000	Non-current assets held for sale \$'000	Total \$'000
Fair value as at 1 July 2024	8,452,444	101	8,452,545
Additions	894,663	-	894,663
Net change in revaluation surplus of property, plant and equipment recognised in other comprehensive income	149,431	-	149,431
Transfer to Level 2	-	(101)	(101)
Disposals	(9,950)	-	(9,950)
Depreciation expense	(128,360)	-	(128,360)
Assets held for sale in/(out) (Note 16)	(120,700)	120,700	-
Assets transferred out from administrative restructure - 1 October 2024	(4,972,520)	-	(4,972,520)
Other movements	19,006	-	19,006
Fair value as at 30 June 2025	4,284,014	120,700	4,404,714

	CONSOLIDATED		
	Land and Buildings \$'000	Non-current assets held for sale \$'000	Total \$'000
Fair value as at 1 July 2023	7,960,016	101	7,960,117
Additions	127,769	-	127,769
Net change in revaluation surplus of property, plant and equipment recognised in other comprehensive income	614,919	-	614,919
Transfer to Level 2	(5,906)	-	(5,906)
Disposals	(11,505)	-	(11,505)
Depreciation expense	(231,623)	-	(231,623)
Assets held for sale in/(out) (Note 16)	-	-	-
Other movements	(1,226)	-	(1,226)
Fair value as at 30 June 2024	8,452,444	101	8,452,545

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18. Payables

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Current				
Accrued capital expenditure	18,696	16,182	18,696	16,182
Accrued grant expenditure	7,005	8,111	7,005	8,111
Accrued operating expenditure	160,797	245,918	160,797	245,918
Accrued salaries, wages and on-costs	70,443	106,885	70,443	106,885
Creditors	86,928	39,249	86,928	39,249
Total payables	343,869	416,345	343,869	416,345

Details regarding liquidity risk, including a maturity analysis of the above payables, are disclosed in Note 27.

Accrued operating expenditure includes accruals for claims relating to the Victims Support Fund totalling \$7.8 million (2024: \$7.9 million).

Recognition and measurement

Payables

Payables represent liabilities for goods and services provided to the Department and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

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19. Borrowings

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Current borrowings				
Treasury advances repayable ⁶	126	120	126	120
Lease liabilities (refer Note 14)	9,641	15,132	9,641	15,132
Service concession financial liabilities ⁷	-	32,931	-	32,931
	9,767	48,183	9,767	48,183
Non-current borrowings				
Treasury advances repayable ⁶	574	700	574	700
Lease liabilities (refer Note 14)	64,936	109,983	64,936	109,983
Service concession financial liabilities ⁷	-	666,230	-	666,230
	65,510	776,913	65,510	776,913

Changes in liabilities arising from financing activities

	PARENT AND CONSOLIDATED		
	Treasury advances repayable	Leases	Service Concession Arrangements
	\$'000	\$'000	\$'000
Balance at 1 July 2024	820	125,115	699,161
Cash flows	(161)	(19,275)	(13,791)
New leases	-	13,373	-
Finance charges	41	7,991	5,669
Disposal of right-of-use liabilities	-	(457)	-
Decrease in liabilities from administrative restructure (Note 22(i))	-	(52,827)	(691,039)
Other movements	-	657	-
Balance at 30 June 2025	700	74,577	-

	PARENT AND CONSOLIDATED		
	Treasury advances repayable	Leases	Service Concession Arrangements
	\$'000	\$'000	\$'000
Balance at 1 July 2023	-	126,266	730,931
Cash flows	787	(26,442)	(55,080)
New leases	-	12,712	-
Finance charges	33	10,985	23,310
Disposal of right-of-use liabilities	-	(143)	-
Other movements	-	1,737	-
Balance at 30 June 2024	820	125,115	699,161

Details regarding liquidity risk including a maturity analysis of the above borrowings are disclosed in Note 27.

⁶ The advance is related to funding secured through the Government Finance Facility (GFF) for the Courthouse rooftop solar program. The GFF supports resource efficiency projects and renewable energy infrastructure within NSW Government agencies.

⁷ This relates to contractual payments to the operator. Refer to Note 13 for further details on the Department's service concession arrangements and Note 22(i) for further details on the administrative changes.

19. Borrowings (cont'd)

Recognition and measurement

Borrowings represent interest bearing liabilities mainly raised through NSW Treasury Corporation, lease liabilities, service concession arrangement liabilities and other interest-bearing liabilities.

Financial liabilities at amortised cost

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Financial Guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, being the premium received. Subsequent to initial recognition, the Department's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation, and an expected credit loss provision.

The Department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2025 and as at 30 June 2024. Refer to Note 24 regarding disclosures on Contingent liabilities.

Department of Communities and Justice
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20. Provisions

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Current				
Employee benefits and related on-costs				
Sundays and public holidays	551	4,205	551	4,205
Parental Leave	9,280	14,107	9,280	14,107
Annual leave*	236,521	372,112	236,521	372,112
Long service leave**	103,963	131,156	103,963	131,156
Total current employee benefits and related on-costs	350,315	521,580	350,315	521,580
 *Current annual leave obligations expected to be settled after 12 months	47,142	35,656	47,142	35,656
**Current long service leave obligations expected to be settled after 12 months	92,245	116,096	92,245	116,096
	139,387	151,752	139,987	151,752
 Other Provisions				
Restoration costs	12,023	19,688	12,023	19,688
Victims Support Scheme - lodged but not yet paid claims	73,325	66,736	73,325	66,736
Victims Support Scheme - incurred but not reported claims				
- Domestic violence	14,600	14,500	14,600	14,500
- Other offences	13,400	12,600	13,400	12,600
Total current other provisions	113,348	113,524	113,348	113,524
Total current provisions	463,663	635,104	463,663	635,104
 Non-current				
Employee benefits and related on-costs				
Long service leave	11,020	29,909	11,020	29,909
Total non-current employee benefits and related on-costs	11,020	29,909	11,020	29,909
 Other Provisions				
Restoration costs	16,134	19,843	16,134	19,843
Victims Support Scheme - lodged but not yet paid claims	131,600	112,600	131,600	112,600
Victims Support Scheme - incurred but not reported claims				
- Domestic violence	216,000	192,900	216,000	192,900
- Other offences	107,900	94,000	107,900	94,000
Total non-current other provisions	471,634	419,343	471,634	419,343
Total non-current provisions	482,654	449,252	482,654	449,252

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20. Provisions (cont'd)

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Aggregate employee benefits and related on-costs				
Provisions	361,335	551,489	361,335	551,489
Accrued salaries, wages and on-costs (Note 18)	70,443	106,885	70,443	106,885
	431,778	658,374	431,778	658,374

Movements in provisions (other than employee benefits)

	PARENT AND CONSOLIDATED			
	Restoration costs	Victims Support Scheme - lodged but not yet paid claims	Victims Support Scheme - incurred but not reported claims	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2024	39,531	179,336	314,000	532,867
Additional provision recognised	976	89,889	64,200	155,065
Provision transferred out from administrative restructure - 1 October 2024(Note 22(i))	(4,834)	-	-	(4,834)
Amounts used	(792)	(74,100)	-	(74,892)
Unused amounts reversed	(5,025)	-	-	(5,025)
Unwinding/change in the discount rate	517	6,500	11,500	18,517
Change in experience and actuarial assumptions	-	3,300	15,000	18,300
Other movements ⁸	(2,216)	-	(52,800)	(55,016)
Carrying amount at 30 June 2025	28,157	204,925	351,900	584,982

	PARENT AND CONSOLIDATED			
	Restoration costs	Victims Support Scheme - lodged but not yet paid claims	Victims Support Scheme - incurred but not reported claims	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2023	40,639	152,111	253,500	446,250
Additional provision recognised	2,311	85,100	60,900	148,311
Amounts used	(1,596)	(63,900)	-	(65,496)
Unused amounts reversed	(862)	-	-	(862)
Unwinding/change in the discount rate	574	5,325	9,200	15,099
Change in experience and actuarial assumptions	-	700	36,900	37,600
Other movements ⁸	(1,535)	-	(46,500)	(48,035)
Carrying amount at 30 June 2024	39,531	179,336	314,000	532,867

⁸ Other movements in Victims Support Scheme - incurred but not reported claims relate to expected costs in respect of lodgements for the respective financial years.

20. Provisions (cont'd)

Recognition and measurement

Employee benefits and related on-costs

(i) Salaries and wages, annual leave and sick leave

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% (2024: 8.4%) of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Department has assessed the actuarial advice based on the Department's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Department does not expect to settle the liability within 12 months as the Department does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Long service leave

Long service leave - assumed by the Crown

Some of the Department's liabilities for long service leave are assumed by Crown and others are not.

The Department accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of Employee Benefits and Other Liabilities'.

Long service leave is measured at present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

Long service leave funded by agency Crown LSL pool

Long service leave liabilities not assumed by Crown Entity relate to:

- Former Compensation Court (closed in December 2003) (recouped from Workcover Authority);
- District Court Dust Diseases Tribunal;
- Office of the Legal Services Commissioner;
- NSW Trustee and Guardian; and
- Legal Profession Admission Board.

Long service leave liabilities not assumed by Crown Entity requires contributions to the NSW Treasury Non Budget Long Service Leave Pool Account. The NSW Treasury Pool account administers the long service leave provision for agencies and commercial activities whose liabilities were previously assumed by the Crown Entity due to being part of the Budget Sector. Contributions made to NSW Treasury are included in Employee Related Expenses. The Department recognises a receivable amount from the Long Service Leave Pool.

Long service leave funded by the Department

Long service leave liabilities funded by the Department relates to Department staff who provide personnel services to the Legal Services Council, the Trustees of the Anzac Memorial Building and the Aboriginal Housing Office. Refer to Note 1(a) for details.

20. Provisions (cont'd)

Recognition and measurement (cont'd)

Employee benefits and related on-costs (cont'd)

(ii) Long service leave (cont'd)

Long service leave funded by the Department (cont'd)

Employee benefits and related on-costs long service leave liability funded by the Department is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors specified in NSW TPG24-23 *Accounting for Long Service Leave and Annual leave* to employees with five or more years of service, using current rates of pay.

(iii) Superannuation

Superannuation Liabilities Assumed by Crown

The Department's liabilities for defined benefit superannuation are assumed by Crown. The Department accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits and other liabilities'.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for defined contribution superannuation schemes (that is, Basic Benefit and Aware Super (formerly known as First State Super)) is calculated as a percentage of the employees' salary. For defined benefit superannuation schemes (that is, State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iv) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(v) Victims Support Scheme (VSS)

The Department's provision in relation to the Victims Support Scheme comprises of lodged but not paid claims (for all offences) and incurred but not reported (IBNR) claims with respect to domestic violence, sexual assault (adult), assault, robbery, homicide and other offences.

The VSS was created on 3 June 2013 through legislation known as the *Victims' Rights and Support Act 2013*. This act replaced the Victims Compensation Scheme (the VCS), legislated through the *Victims Support and Rehabilitation Act 1996*, that was closed to new applications for support on 7 May 2013.

The VSS provides support for victims of violent crime, upon application after 7 May 2013 and within an eligibility period of 2 to 10 years (with some exceptions) from the date of the occurrence of a violent act of crime.

The VSS offers the following "pillars" of support for victims of violent crime:

- Counselling: Approved counselling services with respect to the act of violence.
- Financial assistance: For immediate needs to cover expenses for treatment or other measures that need to be taken urgently to secure the victim's safety, health or well-being and for economic loss suffered as a direct result of the act of violence.
- Recognition payments: To acknowledge the trauma suffered.

Payment is set out in four different categories based on the act of violence. Violent acts can include assault, adult sexual assault, child sexual assault, domestic violence, robbery, homicide and other eligible violent acts.

The Department has obtained actuarial advice from an independent actuary to determine the liability as at 30 June 2025. No provision has been made in the financial statements for any IBNR claims in relation to child sexual assault (refer to Note 24 Contingent Liabilities) in 2024-25 and 2023-24 as the independent actuary was unable to determine a reliable estimate for the value of IBNR claims for this particular act of violence. The actuarial assessment is performed annually.

20. Provisions (cont'd)

Recognition and measurement (cont'd)

Employee benefits and related on-costs (cont'd)

(v) Victims Support Scheme (cont'd)

The IBNR liabilities for domestic violence, sexual assault (adult), assault, robbery, homicide and other offences was included in the provision for the first time in 2020-21. Prior to this, the provision included only an estimate of the liability associated with the cost of lodged but not yet paid claims.

The provision:

- 1) Contains an allowance for the time value of money. Claims costs have been discounted back to the valuation date using risk free discount rates.
- 2) Includes claim handling costs, such as staff costs and operating expenses, that may be incurred as a result of processing these claims.
- 3) Is a central estimate and does not include any additional risk margin related to the uncertainty of estimates.
- 4) Is based on the initial rather than ultimate classification of offence type for each claim.

The actuarial Professional Standard 302 "*Valuations of General insurance Claims*" (PS 302) applies to actuaries undertaking a valuation of General Insurance Claims for an entity. While the VSS claims being valued are not General Insurance Claims as defined under PS 302, there are some similarities in the characteristics of this valuation when compared to PS 302 valuations. Thus PS 302 has been used as a proxy for determining provisions in this valuation.

Total payments directly to victims of crime for the year ended 30 June 2025 was \$74.1 million (2024: \$63.9 million), including an accrual of \$7.3 million (2024: \$7.9 million). Refer to Note 24 and Note 30 for details of Victims Support Fund or Scheme.

(vi) Other provisions

Provisions are recognised when the Department has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Department expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Any provisions for restructuring are recognised only when the Department has a detailed formal plan and the Department has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

If the effect of the time value of money is material, provisions are discounted at a pre-tax rates that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

Other provisions include restoration costs on leased office premises. Restoration costs represent estimated costs that the Department is obliged to incur to restore premises to an acceptable condition as agreed with the owners of the premises, upon expiry of operating lease arrangements. The amount and timing of each estimate is reassessed annually. In the majority of cases, the rates are not explicitly mentioned in the lease agreement and hence the provision is calculated by using a standard restoration rate per square metre, which is then discounted to present value using the appropriate government bond rate. The provisions are established by individual lease and amortised over the term of the lease. The unamortised value of the obligation is recorded as an asset.

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21. Other liabilities

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Current				
Liabilities under transfers to acquire or construct non-financial assets to be controlled by the Department	797	3,968	797	3,968
Unearned revenue	3,142	3,876	3,142	3,876
	3,939	7,844	3,939	7,844

Refer to Note 3(e) for a description of the Department's obligations under transfers received to acquire or construct non-financial assets to be controlled by the Department.

The Department expects to recognise as income the liability for unsatisfied obligations of \$0.8 million (2024: \$4.0 million) within 12 months and \$Nil (2024: \$Nil) after 12 months as at 30 June 2025, as the related assets are constructed/acquired.

	2025	2024
	\$'000	\$'000
Reconciliation of financial assets and corresponding liabilities arising from transfers to acquire or construct non-financial assets to be controlled by the Department	797	3,968
Opening balance of liabilities arising from transfers to acquire/construct non-financial assets to be controlled by the Department	3,968	8,604
Add: receipt of cash during the financial year	2,265	2,328
Deduct: income recognised during the financial year	(5,436)	(6,964)
Closing balance of liabilities arising from transfers to acquire/construct non-financial assets to be controlled by the Department	797	3,968

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22. Increase / (decrease) in net assets from equity transfers

i) As per the *Administrative Arrangements (Administrative Changes- Corrective Services NSW) Order 2024*, the Corrective Services NSW branch of the Department, other than the Professional Standards and Investigations division of the branch, is transferred to Corrective Services NSW as a newly established Public Service Agency effective from 1 October 2024.

Refer to Note 1(b) for details of the administrative restructure.

The following statement discloses the assets and liabilities which were transferred from the Department to Corrective Services NSW:

	Total transfer from the Department (Parent) to Corrective Services NSW \$'000
Assets	
Current Assets	
Cash and cash equivalents	79,843
Receivables	187,817
Inventories	22,051
Total current assets	289,711
Non-current assets	
Land and buildings	4,995,515
Plant and equipment	420,902
Right-of-use assets	71,130
Intangible assets	10,013
Total non-current assets	5,497,560
Total Assets	5,787,271
Liabilities	
Current Liabilities	
Payables	116,080
Borrowings	40,106
Provisions	236,902
Other current liabilities	750
Total current liabilities	393,838
Non-current Liabilities	
Borrowings	703,760
Derivative liabilities	6,329
Provisions	3,760
Total non-current liabilities	713,849
Total Liabilities	1,107,687
Net Assets	4,679,584

The Department continued to provide corporate and specialist support to Corrective Services NSW after 1 October 2024 as part of a transitional arrangement, with the corporate services budget appropriation incorporating an estimated direct and indirect costs of between \$236 million and \$261 million for delivering these services.

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22. Increase / (decrease) in net assets from equity transfer (cont'd)

ii) As per the *Administrative Arrangements (Administrative Changes-Miscellaneous) Order (No. 6) 2023*, issued on December 6, 2023, the staff and functions of the Housing Services team of the Homes, Property and Development Group within the Department of Planning, Housing and Infrastructure, including Police Force Housing were transferred to the Department effective 1 February 2024.

Refer to Note 1(b) for details of the administrative restructure.

The following statement discloses the assets and liabilities which were transferred into the Department from the Department of Planning, Housing and Infrastructure (DPHI) and the Property and Development NSW (PDNSW):

	Total transfer from DPHI to the Department (Parent) \$'000	Total transfer from PDNSW to the Department (Parent) \$'000	Total net assets transferred to the Department (Parent) \$'000
Assets			
Current Assets			
Cash and cash equivalents	-	16,526	16,526
Receivables	17,862	2,988	20,850
Other current assets	-	788	788
Total current assets	17,862	20,302	38,164
Non-current assets			
Receivables	142	-	142
Property Plant and equipment	-	170,867	170,867
Intangible assets	-	53	53
Total non-current assets	142	170,920	171,062
Total Assets	18,004	191,222	209,226
Liabilities			
Current Liabilities			
Payables	5,357	4,018	9,375
Provisions	13,149	-	13,149
Total current liabilities	18,506	4,018	22,524
Non-current Liabilities			
Provisions	175	-	175
Total non-current liabilities	175	-	175
Total Liabilities	18,681	4,018	22,699
Net Assets	(677)	187,204	186,527

22. Increase / (decrease) in net assets from equity transfer (cont'd)

Recognition and measurement

The transfer of net assets between agencies as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector agencies are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to “Accumulated Funds”. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly- Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, 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 at (amortised) cost by the transferor because there is no active market, the Department recognises the asset at the transferor’s carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the Department does not recognise that asset.

23. Commitments for expenditure

a) Capital Commitments

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at reporting date and not provided for:				
Within one year	60,554	34,871	60,554	34,871
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	60,554	34,871	60,554	34,871

Input tax credits of \$5.5 million (2024: \$3.2 million) which is expected to be recoverable from the Australian Taxation Office is included above.

24. Contingent liabilities and contingent assets

Contingent liabilities

Suitors' Fund

There are 9 (2024: 6) claims estimated at \$0.09 million (2024: \$0.06 million) pending on the Suitors' Fund as at 30 June 2025. The Suitors' Fund is established under Section 3 of the *Suitors' Fund Act 1951* to support the payment of costs for certain appeals relating to the Supreme Court (on a question of law or fact) or the High Court (from a decision of the Supreme Court on a question of law). Contributions to the fund are specially appropriated from Consolidated Revenue based on a percentage of court fees collected by the Department.

Current litigation

Claims have been made against the Department, which if the claimant is successful, the legal costs, disbursements and financial settlements estimated to be \$0.6 million (2024: \$0.5 million) will be met by the Department.

Various other claims totalling \$106.4 million (2024: \$113.5 million) have also been made against the Department, which, if successful, would be met from the NSW Treasury Managed Fund and Solvency Fund.

Victims Support Scheme – Incurred But Not Reported (IBNR) Claims for child sexual assault

The independent actuary engaged by the Department to assess the liability under the VSS scheme determined that reliable estimates could not be included in the liability provision for the amount attributable to IBNR claims relating to child sexual assault.

The reasons noted by the Actuary are:

- The number of claim lodgements continues to significantly grow with no signs of stabilising. This is the case for lodgements from both older incident years from many decades ago, as well as more recent incident years.
- The claim lodgements have continued to increase at a high rate due to shifts in societal attitudes and increased awareness due to the Royal Commission into Institutional Responses to Child Sexual Abuse. In addition, the introduction of the National Redress Scheme may also have had an impact on the quantum and reporting pattern of these claims.
- Child sexual assault claims are exempt from any time limits for access to counselling, recognition payments, justice-related and other out-of-pocket expenses. The lack of time limits has likely contributed to a lack of any stabilisation in claim lodgements.

24. Contingent liabilities and contingent assets (cont'd)

Victims Support Scheme – Incurred But Not Reported (IBNR) Claims (cont'd)

The plausible scenarios determined by the Actuary do not represent an upper or lower limit as to what the potential IBNR liability could be. Rather, each represents the Actuary's view of a particular plausible scenario depending on the valuation parameters used, and it is possible for combinations of scenarios to occur that would increase the range of outcomes.

The Actuary has also been unable to recommend a central estimate for the IBNR liability relating to child sexual assault nor estimate a probability of likelihood for each scenario due to the limited empirical evidence available to support any selection of probabilities, and hence is unable to determine a weighted average of the plausible scenarios.

Given the range of key uncertainties described above, the amount attributable to IBNR liabilities in respect of claims relating to child sexual assault under the VSS could reasonably lie within the range of \$872 million to \$1,704 million (2024: \$743 million to \$1,570 million). The increase in the range is driven by updated "seed" assumptions used for projection of future lodgement numbers driven by higher lodgement numbers seen over the past years, increased utilisation rate and average claim size assumptions for the counselling pillar as well as the inclusion of the IBNR liability for incidents that occurred in 2024-25 financial year. Whilst the Actuary is of the view that it is not possible to reliably estimate the IBNR liability as at 30 June 2025 for child sexual assault claims, this will be reassessed as the VSS matures and the experience for child sexual assault claims begins to stabilise.

Further details on the Victims Support Scheme are provided in Note 20 and Note 30.

Contingent assets

The Department does not have any contingent assets as at 30 June 2025 and 30 June 2024.

25. Budget Review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament for the Department in respect of the reporting period. The John Williams Memorial Charitable Trust does not have a published budget and has not been included. Subsequent amendments to the original budget (e.g. adjustments for transfer of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained below.

Net result

The actual net result was \$1,753.4 million lower than budget, primarily due to:

Expenses

Total expenses excluding losses were \$2,745.1 million favourable to budget after excluding \$1,811.0 million for CSNSW-related revenue. This variance was mainly driven by:

Employee related expenses – unfavourable to budget by \$142.4 million after excluding \$1,157.6 million for CSNSW-related expenses

The major variances to budget are due to the following items:

- Unfavourable: \$65.0 million increase in overtime costs mainly due to excessive Workers' Compensation and sick leave
- Unfavourable: \$37.0 million increase due to an additional 1% unbudgeted salary increase
- Unfavourable: \$33.0 million increase in employee related expenses for Homes NSW, including Land and Housing Corporation (LAHC) and Aboriginal Housing Office (AHO).

Operating expenses – unfavourable to budget by \$109.3 million after excluding \$456.7 million for CSNSW-related expenses

The major variances are a result of the differences between the financial statement account mapping and the account mapping in the budget and unbudgeted transactions, being:

- Unfavourable: \$44.1 million relates to Other expenses within Operating expenses mapped to Other expenses in the budget
- Unfavourable: \$34.2 million relates to unbudgeted Victim Service actuarial adjustment
- Unfavourable: \$31.2 million increase in contractors expenses mainly due to significant and non-recurring costs incurred on a few projects during the year.

Depreciation and amortisation – unfavourable to budget by \$38.5 million after excluding \$169.5 million for CSNSW-related expenses

Mainly attributable to additional depreciation due to revaluation of land and buildings.

Grants and subsidies – favourable to budget by \$2,976.5 million after excluding \$9.1 million for CSNSW-related expenses

The major variance from the budget is transfer payments to the National Disability Insurance Agency (NDIA) amounting to \$3,512.2 million and \$181.6 million of Other Administered expenses not included in actual grants expenditure in the financial statements in accordance with AASB 1050 Administered Items. Whereas the budget includes NDIA payments in Grants expenditure.

Other significant variances to budget are due to the following items:

- Favourable: \$35.4 million underspend in National Disability Insurance Scheme
- Favourable: \$27.7 million underspend in Commonwealth funded Family Domestic Violence program
- Unfavourable: \$758.3 million additional spent in portfolio grants
- Unfavourable: \$12.5 million additional spent in portfolio grants for temporary accommodation due to increasing demand and costs.

Finance costs – favourable to budget by \$14.8 million after excluding \$18.0 million for CSNSW-related expenses

Mainly attributable to lower than expected interest expenses for overall borrowings.

Other expenses – favourable to budget by \$44.1 million

The variance is due to difference in mapping between budget and financial statements, \$44.1 million of Other expenses in the budget is mapped to Operating expenses in the financial statements.

25. Budget Review (cont'd)

Revenue

Total revenue was \$4,450.9 million unfavourable to budget after excluding \$133.7 million for CSNSW-related revenue. This variance was mainly driven by:

Appropriations – unfavourable to budget by \$4,532.6 million

The major variance from the budget is transfer payments to NDIA amounting to \$3,522.1 million and \$181.6 million of Other administered income not included in actual appropriation revenue in accordance with AASB 1050 Administered Items. Whereas the budget includes NDIA payments in Appropriation. Other significant unfavourable variance to budget is due to \$827.6 million decrease in drawdown across various portfolio agencies including the Department due to budget adjustments and carry forwards approved by NSW Treasury.

Sale of goods and services – unfavourable to budget by \$129.7 million after excluding \$84.9 million for CSNSW-related revenue

The major variance to budget is the difference between the financial statement account mapping and the account mapping in the budget. Personnel services revenue of \$243.5 million is mapped to sale of goods and services in the budget.

Other significant variances to budget are due to the following items:

- Favourable: \$60.1 million increase in management fees including tenancy management fees mainly from entities under Homes NSW
- Favourable: \$7.9 million actual licence fee as compared to budget since the budget for license fee is mapped to Other revenue
- Favourable: \$19.5 million increase in revenue from probate services and Land and Environment Court fees.

Grants and contributions- favourable to budget by \$32.4 million after excluding \$3.7 million for CSNSW-related revenue

Mainly attributable to increase in Digital Restart Funding for Process and Technology Harmonisation and cybersecurity projects.

Personnel services revenue – favourable to budget by \$212.7 million

The variance is due to personnel services revenue being mapped to Sale of goods and services in the budget.

Other income – unfavourable to budget by \$33.3 million after excluding \$8.1 million for CSNSW-related revenue

The major variances to budget are due to the following items:

- Unfavourable: \$60.0 million Licence fee revenue mapped to Other revenue in the budget
- Favourable: \$8.5 million unbudgeted revenue from Cerebral Palsy Alliance
- Favourable: \$6.7 million unbudgeted receipts from insurance claims
- Favourable: \$4.6 million unbudgeted increase in rental income
- Favourable: \$4.2 million unbudgeted increase in various other revenues.

Loss on disposal – unfavourable to budget by \$34.3 million

Loss on disposal was unfavourable to budget mainly due to gain or loss items not budgeted for.

Other losses- unfavourable to budget by \$8.6 million

Loss on disposal was unfavourable to budget mainly due to gain or loss items not budgeted for.

25. Budget Review (cont'd)

Assets and liabilities

The major variances between original budget and actual assets and liabilities in the Statement of Financial Position are noted below:

Assets

Current Assets - favourable to budget by \$264.2 million after excluding \$223.3 million for CSNSW-related current assets

Mainly attributable to increase in cash balance by \$217.2 million due to higher opening balance and unspent funds from Commonwealth funded Family Domestic Violence program. In addition, \$120.6 million increase in non-current assets held for sale mainly due to reclassification of Rydalmere LRC from asset under use to assets held for sale. The increase was offset by decrease in receivables of \$68.1 million due to debtors' balances cleared during the year and timing of receipts.

Non-Current Assets - favourable to budget by \$61.4 million after excluding \$5,647.1 million for CSNSW-related non-current assets

Mainly attributable to \$474.1 million increase in property, plant and equipment due to unbudgeted indexation revaluation increment, offset by \$148.6 million decrease due to budget adjustment and carry forward of the social housing investment as part of the Building Homes for NSW program, and \$120.7 million decrease due to due to reclassification of Rydalmere LRC from asset under use to assets held for sale. The increase is further offset by a decrease due to unbudgeted additional depreciation on revalued assets and lower than budgeted spending on overall Property, Plant and Equipment.

Liabilities

Current Liabilities - unfavourable to budget by \$318.7 million after excluding \$471.5 million for CSNSW-related current liabilities

Mainly attributable to increase in payables of \$183.7 million due to year end accruals for general creditors, payroll and other accruals, not included in the budget. Additionally, increase in provisions of \$136.2 million relating to long service leave, annual leave and parental leave provisions not budgeted for. The increase was offset by \$9.0 million decrease in Law Courts Ltd capital grant due to unbudgeted utilisation and release to income statement.

Non-Current Liabilities - unfavourable to budget by \$13.2 million after excluding \$687.5 million for CSNSW-related non-current liabilities

Mainly attributable to increase in Victims Support Scheme provisions as a result of the annual actuarial valuation.

Cash flows

Cash flows from operating activities

Actual cash flows from operating activities are prepared inclusive of GST, whereas the budget is prepared exclusive of GST. As a result, the budget variances are overstated by the GST amount.

Further, the favourable budget results of \$247.6 million in net cash flows from investing activities and \$13.5 million in net cash flows from financing activities were offset by an unfavourable budget result of \$294.3 million in net cash flows from operating activities.

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26. Reconciliation of cash flows from operating activities to net result

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Reconciliation of cash flows from operating activities to net result as reported in the Statement of Comprehensive Income as follows:				
Net cash used in operating activities	1,038,670	283,138	1,038,666	283,194
Net loss on disposal of assets	(34,291)	(25,261)	(34,291)	(25,261)
Unrealised gains / (losses) on derivatives at fair value through profit or loss	(8,673)	2,274	(8,673)	2,274
Gain / (loss) on disposal of right-of-use assets	20	4	20	4
Impairment loss on carrying value of property, plant and equipment	-	(258)	-	(258)
Impairment gain / (loss) on financial assets	(188)	(2,661)	(188)	(2,661)
Bad debts written off	(359)	(26)	(359)	(26)
Depreciation and amortisation	(243,267)	(384,243)	(243,469)	(384,438)
Unwinding of discount	(517)	(574)	(517)	(574)
Write back of unused make good provision	(5,025)	(862)	(5,025)	(862)
Decrease / (Increase) in creditors	(37,937)	(54,158)	(37,938)	(54,157)
Decrease / (Increase) in provisions	(97,081)	(162,304)	(97,081)	(162,304)
Increase / (Decrease) in prepayments and other assets	259,014	5,330	259,014	5,330
Assets transferred to expense	(2,526)	(430)	(2,526)	(430)
Net result	867,840	(340,031)	867,633	(340,169)

27. Financial instruments

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

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

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

De-recognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Department transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Department has transferred substantially all the risks and rewards of the asset; or
- the Department has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When the Department has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Where the Department has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Department's continuing involvement in the asset. In that case, the Department also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Department has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Department could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Department of Communities and Justice
Notes to the financial statements
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27. Financial instruments (cont'd)

(i) Financial instrument categories

Class: Financial Assets	Note	Category	PARENT	CONSOLIDATED		
			\$'000	\$'000		
			Carrying Amount			
			2025	2024	2025	2024
Cash and cash equivalents	9	Amortised cost	173,287	233,617	174,678	235,012
Receivables ¹¹	10	Amortised cost	191,091	127,696	191,091	127,696
Derivatives	12	Fair value through profit or loss	9	2,274	9	2,274
			364,387	363,587	365,778	364,982
Class: Financial Liabilities			Carrying Amount			
			2025	2024	2025	2024
Derivatives	12	Fair value through profit or loss	81	-	81	-
Payables ¹²	18	Financial liabilities measured at amortised cost	324,002	397,647	324,002	397,647
Treasury advances repayable	19	Financial liabilities measured at amortised cost	700	820	700	820
Service concession financial liabilities	19	Financial liabilities measured at amortised cost	-	699,161	-	699,161
Lease liabilities	19	Financial liabilities measured at amortised cost	74,577	125,115	74,577	125,115
			399,360	1,222,743	399,360	1,222,743

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

(ii) Derivatives

The Department only uses derivatives for hedging purposes and not as trading or speculative instruments. The Department held \$0.01 million (2024: \$2.3 million) in derivative financial assets and \$0.08 million (2024: \$Nil) in derivative financial liabilities.

The Department entered into foreign exchange forward contracts with NSW TCorp to mitigate exposure of changes in foreign exchange rates arising from commitments of purchasing IT related services from overseas suppliers.

These foreign exchange forward contracts are derivatives that allows the Department to exchange a fixed amount of foreign currency for a fixed amount in AUD on a specified future settlement date, thereby ensuring cash flow certainty. These derivatives are not designated in an accounting hedge relationship and are therefore categorised as held for trading and presented in the Statement of Financial Position. The contracts are subsequently measured at fair value through profit or loss.

Further details on derivatives are provided in Note 12 which contains information about the methods and assumptions used in determining fair values of derivatives.

¹¹ Excludes statutory receivables and prepayments (that is, not within scope of AASB 7 *Financial Instruments: Disclosures* (AASB 7)). Includes rental receivables.

¹² Excludes statutory payables and unearned revenue (that is, not within scope of AASB 7).

27. Financial instruments (cont'd)

(iii) Credit Risk

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

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

Credit risk associated with the Department's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

The Department considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Department may also consider a financial asset to be in default when internal or external information indicates the Department is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Department.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets

Receivables – trade receivables

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Department applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables including rental receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect management assumption and current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Department has identified the unemployment rate, wages growth rate and CPI inflation to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery.

The loss allowance for trade receivables for the current and prior period was determined as follows:

PARENT AND CONSOLIDATED

Bond Receivables

2025

\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.1%	64.1%	84.0%	100.0%	100.0%	
Estimated total gross carrying amount	16,835	39	25	24	1,405	18,328
Expected credit loss	15	25	21	24	1,405	1,490

2024

\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.1%	65.8%	81.9%	100.0%	100.0%	
Estimated total gross carrying amount	12,770	12	10	7	1,806	14,605
Expected credit loss	10	8	9	7	1,806	1,840

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Notes to the financial statements
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27. Financial instruments (cont'd)

(iii) Credit Risk (cont'd)

PARENT AND CONSOLIDATED

Rental Receivables

2025						
\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	3.0%	10.6%	0.0%	0.0%	0.0%	
Estimated total gross carrying amount	2,643	160	-	-	-	2,803
Expected credit loss	78	17	-	-	-	95
2024						
\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	2.8%	14.6%	0.0%	0.0%	0.0%	
Estimated total gross carrying amount	7,888	398	-	-	-	8,286
Expected credit loss	218	58	-	-	-	276

PARENT AND CONSOLIDATED

Trades Receivables - Court

2025						
\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	9.4%	34.7%	71.7%	100.0%	100.0%	
Estimated total gross carrying amount	4,774	1,430	559	533	21,547	28,843
Expected credit loss	451	496	401	533	21,547	23,428
2024						
\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	11.1%	50.4%	83.9%	100.0%	100.0%	
Estimated total gross carrying amount	4,727	1,927	481	495	20,133	27,763
Expected credit loss	527	971	403	495	20,133	22,529

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27. Financial instruments (cont'd)

(iii) Credit Risk (cont'd)

PARENT AND CONSOLIDATED

**Trade Receivables - Correctional
Centres**

2025						
\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	
Estimated total gross carrying amount	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-
2024						
\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	4.4%	67.9%	0.0%	0.0%	100.0%	
Estimated total gross carrying amount	2,099	51	-	-	1,848	3,998
Expected credit loss	92	34	-	-	1,848	1,974

PARENT AND CONSOLIDATED

Trade Receivables - Other

2025						
\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	10.8%	30.6%	80.0%	100.0%	100.0%	
Estimated total gross carrying amount	268	36	5	29	336	674
Expected credit loss	29	11	4	29	336	409
2024						
\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	12.5%	36.3%	52.4%	100.0%	100.0%	
Estimated total gross carrying amount	1,511	559	49	103	1,420	3,642
Expected credit loss	189	203	26	103	1,420	1,941

27. Financial instruments (cont'd)

(iii) Credit Risk (cont'd)

PARENT AND CONSOLIDATED

Other Receivables

2025

\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	100.0%	
Estimated total gross carrying amount	-	-	-	-	-	-
Expected credit loss	-	-	-	-	-	-

2024

\$'000	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	100.0%	
Estimated total gross carrying amount	-	-	-	-	216	216
Expected credit loss	-	-	-	-	216	216

Note: The analysis excludes statutory receivables and prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 10.

The Department is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2025 and 2024.

Authority deposits

The Department has placed its Wards Trust 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 are placed for a fixed term. The interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit. There were no indicators for impairment on these securities during the year. Refer to Note 28 for details of Trust funds.

27. Financial instruments (cont'd)

(iv) Liquidity Risk

Liquidity risk is the risk that the Department will be unable to meet its payment obligations when they fall due. The Department continuously manages risk through monitoring future cash flows, which coordinates the payment of creditors with cash inflows from the Crown and cash receipts from debtors. 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 TPG25-04 *Government Faster Payment Terms Policy*. For small business suppliers, payment is made within 5 business days 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. Interest may be payable on late payments to small businesses on significantly late payments. For payments to other suppliers, the payment of simple interest is at the discretion of the Secretary. The rates of interest applied were 12.36% (2024: 11.90%) per annum for the quarter ended 30 September, 12.38% (2024: 12.15%) per annum for the quarter ended 31 December, 12.42% (2024: 12.38%) for the quarter ended 31 March and 12.17% (2024: 12.34%) for the quarter ended 30 June 2025.

A credit card facility of \$12 million spend limit (2024: \$12.5 million) is held with the Government's credit card provider Citibank for all issued credit and purchase cards. The total of credit card undrawn amount as at 30 June 2025 was \$2.6 million (2024: \$3.8 million). In 2022-23, NSW Treasury has made changes to the NSW State Banking Agreement with Citibank and transitioned to an aggregate facility borrowing for all GSF agencies and established spend limit for each agency to support administrative efficiencies.

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

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27. Financial instruments (cont'd)

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

Maturity Analysis and interest rate exposure of financial liabilities

2025	Weighted average effective interest rate	Interest rate exposure				Maturity dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing	< 1 year	1-5 years	> 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PARENT								
Payables:								
-	Accrued capital expenditure	18,696	-	-	18,696	18,696	-	-
-	Accrued grant expenditure	7,005	-	-	7,005	7,005	-	-
-	Accrued operating expenditure	153,522	-	-	153,522	153,522	-	-
-	Accrued salaries, wages and on-costs	57,851	-	-	57,851	57,851	-	-
-	Creditors	86,928	-	-	86,928	86,928	-	-
Borrowings:								
5.1	Treasury advances repayable	803	803	-	-	161	642	-
-	Service concession financial liabilities	-	-	-	-	-	-	-
10.1	Lease liabilities	117,381	117,381	-	-	16,286	47,450	53,645
		442,186	118,184	-	324,002	340,449	48,092	53,645
CONSOLIDATED								
Payables:								
-	Accrued capital expenditure	18,696	-	-	18,696	18,696	-	-
-	Accrued grant expenditure	7,005	-	-	7,005	7,005	-	-
-	Accrued operating expenditure	153,522	-	-	153,522	153,522	-	-
-	Accrued salaries, wages and on-costs	57,851	-	-	57,851	57,851	-	-
-	Creditors	86,928	-	-	86,928	86,928	-	-
Borrowings:								
5.1	Treasury advances repayable	803	803	-	-	161	642	-
-	Service concession financial liabilities	-	-	-	-	-	-	-
10.1	Lease liabilities	117,381	117,381	-	-	16,286	47,450	53,645
		442,186	118,184	-	324,002	340,449	48,092	53,645

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Department can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the amounts in the statement of financial position.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

27. Financial instruments (cont'd)

Maturity Analysis and interest rate exposure of financial liabilities

2024	Weighted average effective interest rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing	< 1 year	1-5 years	> 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PARENT								
Payables:								
	-	16,182	-	-	16,182	16,182	-	-
	-	8,111	-	-	8,111	8,111	-	-
	-	238,054	-	-	238,054	238,054	-	-
	-	96,051	-	-	96,051	96,051	-	-
	-	39,249	-	-	39,249	39,249	-	-
Borrowings:								
5.1		964	964	-	-	161	803	-
3.6		920,429	-	920,429	-	57,527	287,634	575,268
10.1		201,335	201,335	-	-	26,520	77,264	97,551
		1,520,375	202,299	920,429	397,647	481,855	365,701	672,819
CONSOLIDATED								
Payables:								
	-	16,182	-	-	16,182	16,182	-	-
	-	8,111	-	-	8,111	8,111	-	-
	-	238,054	-	-	238,054	238,054	-	-
	-	96,051	-	-	96,051	96,051	-	-
	-	39,249	-	-	39,249	39,249	-	-
Borrowings:								
5.1		964	964	-	-	161	803	-
3.6		920,429	-	920,429	-	57,527	287,634	575,268
10.1		201,335	201,335	-	-	26,520	77,264	97,551
		1,520,375	202,299	920,429	397,647	481,855	365,701	672,819

27. Financial instruments (cont'd)

(v) 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 Department's exposures to market risk are primarily through interest rate risk on the Department's borrowings. The Department also has minimal a foreign exchange risk on commitments of purchasing IT related services from overseas suppliers. The Department has not entered 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 Department operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2024.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through the Department's interest-bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp.

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	PARENT				CONSOLIDATED			
	2025 \$'000	2025 \$'000	2024 \$'000	2024 \$'000	2025 \$'000	2025 \$'000	2024 \$'000	2024 \$'000
	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%
Net result	(178)	178	(191)	191	(178)	178	(191)	191
Equity	(178)	178	(191)	191	(178)	178	(191)	191

Foreign Exchange Risk

The Department has a Foreign Exchange Risk Policy which applies to purchases in foreign currency greater than \$0.5 million. The objective of this policy is to minimise the exposure of foreign currency risk to meet the budget forecast. The Department has minimal exposure to foreign currency risk.

The Department has three foreign exchange forward contracts outstanding at the year end, entered with TCorp to manage foreign currency risk. These contracts enable the Department to exchange fixed foreign currency for a fixed amount in AUD on a specified future settlement date, thereby ensuring cash flow certainty. The Department's foreign exchange forward contracts are not designated in an accounting hedge relationship and therefore are categorised as held for trading and subsequently measured at fair value through profit or loss.

27. Financial instruments (cont'd)

(vi) Fair value measurement

i. Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The Department does not hold financial assets or financial liabilities where their fair values differ from carrying amount.

ii. Fair value recognised in the Statement of Financial Position

Management assessed that cash, trade receivables, trade payables, and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Department categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

2025				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value				
Derivatives - Foreign exchange contracts	-	9	-	9
	-	9	-	9
Financial liabilities at fair value				
Derivatives - Foreign exchange contracts	-	81	-	81
	-	81	-	81
2024				
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value				
Derivatives - Interest rate swap	-	2,274	-	2,274
	-	2,274	-	2,274

The Department has assessed the fair value of its financial instruments on the basis of inputs other than quoted prices within Level 1 that are observed directly or indirectly (i.e. Level 2).

The fair value of the derivatives are based on market value of similar instruments at the reporting date.

There were no transfers between Level 1, 2 or 3 during the year. There were no changes in the valuation techniques during the year.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

28. Trust Funds

The following is a summary of the transactions in the trust accounts.

(a) Court and client funds

The Department holds monies in trust, which represent funds belonging to parties involved in court cases, or amounts held in trust for third parties including client investments, Wards persons in residential care.

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Cash at the beginning of the financial year	48,995	55,174	48,995	55,174
Add: Receipts	574,760	667,535	574,760	667,535
Less: Expenditure	(553,816)	(673,714)	(553,816)	(673,714)
Cash balance at the end of the financial year	69,939	48,995	69,939	48,995

(b) Community disaster relief fund

The Department manages monies in two bank accounts, namely the Community Disaster Relief Fund (CDRF) account and the CDRF Trust account. The monies in the funds are managed according to the provisions of Part 5 of the *Community Welfare Act 1987*.

The funds are to be used:

- (i) for the purpose of assisting disaster victims generally or disaster victims of a particular disaster,
 - (ii) for the purpose of acquiring stores and equipment to be used for the purpose of assisting victims of future disasters
- or,
- (iii) for the purpose of planning, and training persons, to cope with the effects of disasters.

These trust accounts were transferred from Resilience NSW to the Department effective as at 16 December 2022 as a result of administrative restructuring.

Cash at the beginning of the financial year	1,146	1,099	1,146	1,099
Add: Receipts	49	47	49	47
Less: Expenditure	-	-	-	-
Cash balance at the end of the financial year	1,195	1,146	1,195	1,146

(c) Inmates funds

The Department holds monies in trust, which represent funds belonging to inmates. Trust monies are held in public monies accounts on behalf of inmates. Interest earned is brought to account in the financial statements and used for the benefit of inmates.

Cash at the beginning of the financial year	10,619	11,278	10,619	11,278
Add: Receipts	15,667	77,067	15,667	77,067
Less: Expenditure	(9,265)	(77,726)	(9,265)	(77,726)
Less: Transferred out from administrative restructure -1 October 2024	(17,021)	-	(17,021)	-
Cash balance at the end of the financial year	-	10,619	-	10,619

Recognition and measurement

The Department performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the Department's own objectives, these funds are not recognised in the financial statements.

In addition to the above, the Department holds monies outside of the Public Monies Account and invests them in accordance with various Court rules and orders.

For the Supreme Court, an amount of \$224.3 million (2024: \$195.5 million) is held outside the Department's Public Monies Account for Supreme Court matters and is invested with NSW Trustee and Guardian. This amount is not included in the above figures.

Department of Communities and Justice
Notes to the financial statements
for the year ended 30 June 2025

28. Trust Funds (cont'd)

For the District Court, an amount of \$24.7 million (2024: \$21.0 million) is held outside the Department's Public Monies Account for District Court matters, being invested with NSW Trustee and Guardian, and represents suitors' monies that the District Court has ordered the Registrar to invest on behalf of the parties concerned and for the sole benefit of those parties. This amount is not included in the above figures.

Bail securities other than cash, are held by the Supreme Court, District Courts and Local Courts. *The Bail Act 2013*, does not define security, so many things are put forward by persons as security, for example, land title documents, jewellery, motor vehicles, bills of sale, bank guarantees.

For the Land and Environment Court, an amount of \$0.1 million (2024: \$0.1 million) is held outside the Department's Public Monies Account for the Land and Environment Court matters and is invested with NSW Trustee and Guardian. This amount is not included in the above figures.

The Department is liable for the monies it holds in trust.

29. Administered Assets and Liabilities

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Administered Assets				
In-kind receivables - NDIA	229,713	219,829	229,713	219,829
Other receivables	23,477	23,056	23,477	23,056
Less:				
Allowance for impairment	(7,317)	(7,595)	(7,317)	(7,595)
Total administered assets	245,873	235,290	245,873	235,290

Refer to Note 7 for further details on In-kind receivables - NDIA. Other receivables are mainly related to courts and transport fines recorded by the Department but not yet referred to Revenue NSW for collection at the end of the reporting period.

The Department has \$Nil administered liabilities as at 30 June 2025 (2024: \$Nil).

30. Victims Support Fund

The Victims Support Fund (previously named the Victims Compensation Fund) was constituted with an effective date of 1 February 1990, for the purpose of compensating victims for injuries resulting from acts of violence, witnesses to such acts, close relatives of deceased victims and to law enforcement victims. The affairs of the Victims Support Fund are managed by the Secretary, Department of Communities and Justice. The Victims Support Fund focuses on the immediate and ongoing support and treatment of victims with minimal reliance on lump sum payments. It provides support to victims of crime when they need it most and addresses support holistically.

Under the Victims Support Fund, clients are generally able to claim for various types of practical and financial support for a period of 2 to 10 years (with some exceptions). The Victims Support Fund is focused on building a package of care which may include some or all of the following:

1. Counselling
2. Financial assistance for immediate needs up to \$5,000
3. Financial assistance for economic loss up to \$30,000
4. Recognition payment based on the nature of the offence.

All transactions relating to victims support, as reflected in these financial statements, flow through the Victims Support Fund.

Collections payable to the Fund include:

- Restitution payments by offenders
- Monies collected under the *Confiscation of Proceeds of Crime Act, 1989*

30. Victims Support Fund (cont'd)

- Monies required to be credited to the Fund under the *Criminal Assets Recovery Act 1990*
- Victims' support levies collected under section 106 of the *Victims Rights and Support Act 2013* by the Supreme Court, Drug, Local and Children's Courts, Land and Environment Court and the Industrial Relations Commission.

Further details on the Victims Support Scheme are provided in Note 20 and Note 24.

31. Related party disclosures

The Department's key management personnel compensation is as follows:

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits:	3,715	3,854	3,715	3,854
Other long-term employee benefits	95	92	95	92
Post-employment benefits	381	423	381	423
Termination benefits	-	659	-	659
Total remuneration	4,191	5,028	4,191	5,028

The Department did not enter into any transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Department entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the Department's rendering of services and receiving of services.

These transactions include:

- Long Service Leave and Defined Benefit Superannuation assumed by the Crown
- Appropriations (and subsequent adjustments to appropriations)
- Transactions relating to the Treasury Banking System
- Employer contributions paid to Defined Benefit Superannuation funds
- Receipts from the provision of personnel and related services to Communities and Justice Portfolio agencies
- Grants paid to Communities and Justice Portfolio agencies
- Payments into the Treasury Managed Fund for workers' compensation insurance and other insurances.

The Department did not have any related party transactions with the Portfolio Ministers during the financial year.

32. Events after the reporting period

In accordance with the Administrative Arrangements (*Administrative Changes – SafeWork NSW Agency*) Order 2025, the myWorkZone Service Level 3 Operations & Support branch and the Shared Services & Customer Experience branch are transferred from the Department to the Department of Customer Service effective 1 July 2025. This transfer is estimated to result in a positive net financial impact of approximately \$1.6 million, reflecting the transfer of \$49.7 million in expenses and \$48.1 million in revenue associated with shared services.

Effective 1 July 2025 the NSW Government established the Office for Youth consolidating the Office for Regional Youth, the Advocate for Children and Young People within the Department. As part of this transition, the Office for Regional Youth will be transferred from the Department of Primary Industries and Regional Development to the Department. This change was enacted under the Administrative Arrangements (*Administrative Changes—Miscellaneous*) Order (No 3) dated 14 May 2025 and the financial impact is not expected to be significant.

Other than as disclosed above, the Department is not aware of any events since the end of the financial year that would materially affect the disclosures outlined in these financial statements.

End of audited financial statements

2 John Williams Memorial Charitable Trust

Financial statements for the year ended 30 June 2025



INDEPENDENT AUDITOR'S REPORT

John Williams Memorial Charitable Trust

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of John Williams Memorial Charitable Trust (the Trust), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a summary of material accounting policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Trust's financial position, financial performance and cash flows.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Trust in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

The Secretary's Responsibilities for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Secretary's responsibility also includes such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Trust carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Joan Rey Uyanguren
A/Director, Financial Audit

Delegate of the Auditor-General for New South Wales

24 September 2025
SYDNEY

JOHN WILLIAMS MEMORIAL CHARITABLE TRUST
Statement by the Accountable Authority
for the year ended 30 June 2025

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

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2024* and Treasury Directions issued under the Act, and
- present fairly John Williams Memorial Charitable Trust's financial position, financial performance and cash flows for the year ended 30 June 2025.



Michael Tidball
Secretary

23 September 2025



Matt Easdown
Chief Financial Officer

23 September 2025

John Williams Memorial Charitable Trust
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2025

		Actual 2025 \$'000	Actual 2024 \$'000
	Notes		
Continuing Operations			
Expenses excluding losses			
Operating expenses	2	230	222
Depreciation	3	202	195
Total expenses excluding losses		432	417
Revenue			
Investment revenue	4(a)	-	58
Rental income	4(b)	226	220
Total revenue		226	278
Net result from continuing operations		(206)	(139)
Net result		(206)	(139)
Other comprehensive income			
<i>Items that will not be reclassified to net result in subsequent periods</i>			
Net change in revaluation surplus of property, plant and equipment	6(a)	262	778
Total other comprehensive income		262	778
TOTAL COMPREHENSIVE INCOME		56	639

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
STATEMENT OF FINANCIAL POSITION
As at 30 June 2025

	Notes	Actual 2025 \$'000	Actual 2024 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,391	1,395
Receivables		-	-
Total Current Assets		1,391	1,395
Non-Current Assets			
Property, plant and equipment			
- Land and buildings	6	12,112	12,052
Total property, plant and equipment		12,112	12,052
Total Non-Current Assets		12,112	12,052
Total Assets		13,503	13,447
LIABILITIES			
Current Liabilities			
Payables		-	-
Total Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		13,503	13,447
EQUITY			
Reserves		4,114	3,852
Accumulated funds		9,389	9,595
Total Equity		13,503	13,447

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2025

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total Equity \$'000
Balance at 1 July 2024		9,595	3,852	13,447
Net result for the year		(206)	-	(206)
Total other comprehensive income	6(a)	-	262	262
Total comprehensive income for the year		(206)	262	56
Balance at 30 June 2025		9,389	4,114	13,503

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total Equity \$'000
Balance at 1 July 2023		9,734	3,074	12,808
Net result for the year		(139)	-	(139)
Total other comprehensive income	6(a)	-	778	778
Total comprehensive income for the year		(139)	778	639
Balance at 30 June 2024		9,595	3,852	13,447

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
STATEMENT OF CASH FLOWS
For the year ended 30 June 2025

		Actual 2025 \$'000	Actual 2024 \$'000
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Auditors remuneration and maintenance expense		(230)	(222)
Total payments		(230)	(222)
Receipts			
Interest received		-	58
Rental income		226	220
Total receipts		226	278
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	(4)	56
NET INCREASE/(DECREASE) FROM CASH AND CASH EQUIVALENTS			
		(4)	56
Opening cash and cash equivalents		1,395	1,339
CLOSING CASH AND CASH EQUIVALENTS	5	1,391	1,395

The accompanying notes form part of these financial statements.

John Williams Memorial Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

1. Summary of Material Accounting Policies

a. Reporting entity

The Crown in the right of the State of NSW is the trustee of the John Williams Memorial Charitable Trust (the Trust). The Secretary of the Department of Communities and Justice (DCJ) is the administrator of the Trust. The purpose of the Trust is to provide respite care and accommodation for children with disabilities. The Trust accomplishes this purpose by providing properties to be used for this purpose by children with a disability.

The Trust is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the DCJ financial statements and the NSW Total State Sector Financial Statements.

These financial statements for the year ended 30 June 2025 have been authorised for issue by the Secretary, DCJ, on 23 September 2025.

b. Basis of preparation

The Trust's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (including Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018* (the GSF Act) and
- Treasurer's Directions issued under the GSF Act.

The Trust's financial statements have been prepared on a going concern basis.

Property, plant and equipment and financial assets are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Trust's presentation and functional currency.

c. Statement of compliance

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

d. Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Trust's policy on the revaluation of property, plant and equipment as discussed in Note 6.

(ii) Accumulated funds

The category "accumulated funds" includes all current and prior period retained funds.

e. Comparative information

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

1. Summary of Material Accounting Policies (continued)

f. Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2024-25

The accounting policies applied in 2024-25 are consistent with those of the previous financial year. Several amendments and interpretations apply for the first time in 2024-25, but do not have an impact on the financial statements of the Trust.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

The following new AAS have not been applied and are not yet effective as per NSW Treasury Policy and Guidelines TPG 25-02 *Mandates of options and major policy decisions under Australian Accounting Standards*:

- AASB 17 *Insurance Contracts*
- AASB 18 *Presentation and Disclosure in Financial Statements*
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between Investor and its Associate or Joint Venture*
- AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability*
- AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*
- AASB 2024-4B *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*

The Trust has assessed the impact of the new standards and interpretations on issue but not yet effective where relevant and considers the impact to be not material.

John Williams Memorial Charitable Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

2. Operating expenses

	2025 \$'000	2024 \$'000
Auditors remuneration - audit of financial statements	19	18
Maintenance	211	204
	230	222

Recognition and Measurement

Maintenance

Maintenance costs are charged as expenses per the terms of the Provider Lease Agreement, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

3. Depreciation

	2025 \$'000	2024 \$'000
Depreciation - buildings	202	195
	202	195

4. Revenue

The responsible Minister for each GSF agency is taken to have been given an appropriation out of the Consolidated Fund under the authority s4.7 of the *Government Sector Finance Act*, at the time the GSF agency receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the GSF agency. The spending authority of the responsible Minister from deemed appropriation money has been delegated or sub-delegated to officers of the Trust for its own services.

The delegation/sub-delegations for FY24/25 and FY23/24, authorising officers of the Trust to spend Consolidated Fund money, impose limits to the amounts of individual transactions, but not the overall expenditure of the Trust. The individual transaction limits have been properly observed. The Trust did not receive any appropriation out of the Consolidated Fund money in the current year and prior year.

a. Investment Revenue

	2025 \$'000	2024 \$'000
Interest income	-	58
	-	58

The Trust's banker pays interest on the aggregate net credit daily balance of the bank account. The interest rate is varied by the bank in line with money market rate movements and is credited to the individual account on a monthly basis. Effective 1 July 2024, interest earned on the Trust bank account is remitted directly to NSW Treasury in accordance with Treasurer's Direction TD23-18 *Management of cash, banking and payments*.

Recognition and Measurement

Investment revenue

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired the effective interest rate is applied to the amortised cost of the financial asset.

John Williams Memorial Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

4. Revenue (continued)

b. Rental Income

	2025	2024
	\$'000	\$'000
Rental income	226	220
	226	220

Rental income is derived from the lease of the Trust's properties to Specialist Disability Accommodation providers under an operating lease for the provision of respite and accommodation for children with disabilities. Refer to Notes 6.a and 6.c for details regarding assets held as part of operating leases.

Recognition and Measurement

Rental Income

Rental income is recognised as revenue on a straight-line basis over the term of the lease and in accordance with AASB 16 *Leases*.

5. Cash and cash equivalents

	2025	2024
	\$'000	\$'000
Cash at bank	1,391	1,395
	1,391	1,395

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand, short-term deposits with original maturities of three months or less and subject to an insignificant risk of changes in value, and net of outstanding bank overdraft.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:

	2025	2024
	\$'000	\$'000
Cash and cash equivalents (per Statement of Financial Position)	1,391	1,395
Closing cash and cash equivalents (per Statement of Cash Flows)	1,391	1,395

Refer to Note 11 for details regarding credit risk and market risk arising from financial instruments.

John Williams Memorial Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

6. Property, plant, and equipment

a. Total Property, plant, and equipment

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	Land and Buildings \$'000	Total \$'000
At 1 July 2023 - fair value		
Gross carrying amount	12,503	12,503
Accumulated depreciation and impairment	(1,034)	(1,034)
Net carrying amount at beginning of year	11,469	11,469
Year ended 30 June 2024		
Net carrying amount at the beginning of the year	11,469	11,469
Net change in revaluation surplus of property, plant and equipment	778	778
Depreciation expense	(195)	(195)
Net carrying amount at end of year	12,052	12,052
At 1 July 2024 - fair value		
Gross carrying amount	13,099	13,099
Accumulated depreciation and impairment	(1,047)	(1,047)
Net carrying amount at beginning of year	12,052	12,052
Year ended 30 June 2025		
Net carrying amount at the beginning of the year	12,052	12,052
Net change in revaluation surplus of property, plant and equipment	262	262
Depreciation expense	(202)	(202)
Net carrying amount at end of year	12,112	12,112
At 30 June 2025 - fair value		
Gross carrying amount	13,286	13,286
Accumulated depreciation and impairment	(1,174)	(1,174)
Net carrying amount at end of year	12,112	12,112

All of the above land and buildings are under operating leases where the Trust is the lessor.

6. Property, plant, and equipment (continued)

b. Property, plant, and equipment held and used by the entity

There are Nil property, plant and equipment held and used by the Trust.

c. Property, plant and equipment where entity is lessor under operating leases

All property, plant and equipment included in Note 6(a) above, are under operating leases where the Trust is the lessor. An operating lease is a lease other than a finance lease. Leases that the entity transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases.

Recognition and Measurement

Acquisition of property, plant and equipment

Property, plant and equipment acquired are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

Capitalisation thresholds

Property, plant and equipment costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

6. Property, plant, and equipment (continued)

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the *Valuation of Physical Non-Current Assets at Fair Value* Policy and Guidelines Paper (TPP21-09) and Treasurer's Direction *Valuation of Physical Non-Current Assets at Fair Value* (TD21-05). TD21-05 and TPP21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use.

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* (AASB 2022-10) applies to annual periods beginning on or after 1 January 2024. AASB 2022-10 amends AASB 13 *Fair Value Measurement* (AASB 13). For non-financial assets of not-for-profit public sector entities that are not held primarily for their ability to generate net cash inflows, there is a rebuttable assumption that current use is highest and best use, unless the asset is classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or it is highly probable the asset will be used for an alternative purpose to its current use (AASB 13.Aus29.1 and Aus29.2).

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 7 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Trust conducts a comprehensive revaluation at least every three years for its land and buildings. The last comprehensive revaluation was completed on 31 March 2024 and was based on an independent assessment.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. The Trust used an external professionally qualified valuer to conduct the interim revaluation.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus in respect of the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

John Williams Memorial Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

6. Property, plant, and equipment (continued)

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Trust.

The estimated useful lives of the Trust's depreciable assets used for each class of assets are as follows:

Asset Class	Estimated Useful Life
Land	Infinite - not depreciated
Buildings	40 years

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

7. Fair value measurement of non-financial assets

a. Fair value hierarchy

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2025				
Property, plant and equipment				
Land and buildings	-	6,651	5,461	12,112
	-	6,651	5,461	12,112
2024				
Property, plant and equipment				
Land and buildings	-	6,619	5,433	12,052
	-	6,619	5,433	12,052

b. Valuation techniques, inputs and processes

A comprehensive revaluation of all the Trust's properties has been performed by an external professionally qualified valuer as at 31 March 2024 and the Trust's land and building assets fair value updated. A full valuation is conducted every three years and in the intervening periods relevant indexation factors are used as an estimate of fair value.

7. Fair value measurement of non-financial assets (continued)

Level	Asset class	Valuation technique	Inputs	Processes
2	Land - homes - with minor modification	Market approach	Observable inputs - recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment.	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment.
3	Land - with purpose built or significantly modified buildings	Market approach	Observable inputs - recent sales in the residential property market considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment. Unobservable inputs - buildings on the land are either purpose built or significantly modified and as land and building are considered as one complete asset for existing use purposes, these assets are measured at level 3.	Direct comparison approach against recent sales considering matters such as zoning, location, topography, aspect, frontage, size, shape, date of valuation and current market sentiment.
2	Buildings - homes with minor modification	Market approach	Observable inputs - recent sales of comparable properties with adjustment for condition, location, comparability etc.	Visual inspection of the properties and assessment against recent sales of comparable properties with adjustment for condition, location, comparability etc.
3	Buildings - purpose built or significantly modified homes	Cost approach using costs incurred in the construction of purpose built or significantly modified properties	Observable inputs - actual construction costs are used for these purpose built and significantly modified buildings located on residential land. Unobservable inputs – the highly modified and costly nature of the buildings positioned on residential land and utilised for mandated services.	Actual construction costs are checked against the latest Rawlinson's Construction Handbook, Australian Bureau Statistics and external valuer's quantity surveyor.

John Williams Memorial Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

7. Fair value measurement of non-financial assets (continued)

c. Reconciliation of recurring Level 3 fair value measurements

	Land and Buildings \$'000	Total \$'000
2025		
Fair value as at 1 July 2024	5,433	5,433
Revaluation increments recognised in other comprehensive income	106	106
Depreciation	(78)	(78)
Fair value as at 30 June 2025	5,461	5,461

	Land and Buildings \$'000	Total \$'000
2024		
Fair value as at 1 July 2023	5,223	5,223
Revaluation increments recognised in other comprehensive income	283	283
Depreciation	(73)	(73)
Fair value as at 30 June 2024	5,433	5,433

Recognition and Measurement

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Trust's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Trust categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Trust recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

8. Contingent liabilities and contingent assets

The Trust has no contingent liabilities and contingent assets at 30 June 2025 (2024: \$Nil).

John Williams Memorial Charitable Trust
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2025

9. Reconciliation of cash flows from operating activities to net result

	2025 \$'000	2024 \$'000
Net cash used in operating activities	(4)	56
Depreciation	(202)	(195)
(Decrease) / increase in receivables	-	-
Decrease / (increase) in payables	-	-
Net result for the year	(206)	(139)

10. Commitments

Capital commitments

The Trust has no capital expenditure commitments as at 30 June 2025 (2024: \$Nil).

11. Financial instruments

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

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

The Secretary of the Department of Communities and Justice has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks.

a. Financial instrument categories

i. As at 30 June 2025

Financial Assets	Note	Category	Carrying Amount 2025 \$'000
Class:			
Cash and cash equivalents	5	Amortised cost	1,391

ii. As at 30 June 2024

Financial Assets	Note	Category	Carrying Amount 2024 \$'000
Class:			
Cash and cash equivalents	5	Amortised cost	1,395

11. Financial instruments (continued)

b. Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Trust. 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 Trust, including cash and receivables. No collateral is held by the Trust. The Trust has not granted any financial guarantees.

Credit risk associated with the Trust's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances with Westpac Bank.

The Trust is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. The Trust has no debtors as at 30 June 2025 (2024: \$Nil).

c. Liquidity risk

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

No assets have been pledged as collateral. The Trust's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The Trust has no liabilities as at 30 June 2025 (2024: \$Nil).

d. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Trust's exposure to market risk is primarily through interest rate risk on the Trust's cash balances. The Trust 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 Trust operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis is performed on the same basis as for 2024. The analysis assumes that all other variables remain constant.

e. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	2025		2024	
	\$'000		\$'000	
	(1%)	+1%	(1%)	+1%
Net Result	(14)	14	(14)	14
Equity	(14)	14	(14)	14

11. Financial instruments (continued)

f. Fair value measurement

Fair value compared to carrying amount

Financial instruments are generally recognised at amortised cost.

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

12. Related party disclosures

A related party is a person or entity that is related to the entity that is preparing financial statements. As a controlled entity of the Department of Communities and Justice (DCJ), the Trust is a related party of all NSW Government controlled agencies and State-Owned Corporations.

a. Key Management Personnel

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including any director (whether executive or otherwise).

The Ministers and the Executive Board comprising the Secretary and Deputy Secretaries have been identified as the KMP of DCJ. Through the Secretary, the DCJ Executive Board has direct oversight of the activities of the Trust.

Key management personnel compensation

Ministers are compensated by NSW Legislature. Ministerial compensation has been centrally compiled by Treasury and The Cabinet Office and Premier's Department for distribution to agencies for inclusion in the agencies financial statements.

KMP compensation of the DCJ Executive Board for the financial year ended 30 June 2025 is disclosed in the Financial Statements of DCJ being the principal department of the portfolio.

b. Related Party Transactions

There were no related party transactions during the year ended 30 June 2025 (2024: Nil) with related entities of the Trust or Key Management Personnel.

13. Events after the reporting period

The Trust's management is not aware of any events since the end of the financial year that would materially affect the disclosures outlined in these financial statements.

End of audited financial statements

3 NSW Land and Housing Corporation

Financial statements for the year ended 30 June 2025



INDEPENDENT AUDITOR'S REPORT

NSW Land and Housing Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of NSW Land and Housing Corporation (the Corporation), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Secretary's Responsibilities for the Financial Statements

The Secretary of the Department of Communities and Justice is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Secretary's responsibility also includes such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

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



Manuel Moncada
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

17 October 2025
SYDNEY

NSW Land and Housing Corporation
Statement by the Accountable Authority
for the year ended 30 June 2025

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

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2024* and the Treasurer's directions, and
- present fairly NSW Land and Housing Corporation's financial position, financial performance and cash flows.



Signed

Michael Tidball

Secretary of the Department of Communities and Justice

Date13 October, 2025

NSW Land and Housing Corporation
Statement of Comprehensive Income
for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Revenue			
Rent and other tenant charges	2	880,498	846,311
Grants and other contributions	3	289,917	430,093
Investment revenue	4	17,649	23,774
Revenue from contracts with customers	5	59,850	3,115
Other income	6	2,739	4,361
Total revenue		1,250,653	1,307,654
Expenses excluding losses			
Repairs and maintenance	7	346,111	335,416
Council related charges		134,323	133,473
Water charges		90,500	87,624
Tenancy management	1e)	113,902	108,463
Personnel services	8	75,425	77,595
Depreciation and amortisation	10	622,469	610,357
Grants and subsidies	11	6,140	18,705
Finance costs	12	43,407	45,064
Other expenses	9	265,094	164,836
Total expenses excluding losses		1,697,371	1,581,533
Operating result		(446,718)	(273,879)
(Loss)/gain on disposal of assets	13	(77,262)	17,554
Other losses	14	(6,822)	(1,863)
NET RESULT		(530,802)	(258,188)
Other comprehensive income			
<i>Items that will not be reclassified to net result in subsequent periods:</i>			
Net increase in property, plant and equipment asset revaluation reserve	20(i), (ii)	4,452,850	1,665,743
Total other comprehensive income		4,452,850	1,665,743
TOTAL COMPREHENSIVE INCOME		3,922,048	1,407,555

The accompanying notes form part of these financial statements.

NSW Land and Housing Corporation
Statement of Financial Position
as at 30 June 2025

	Notes	2025 \$'000	2024 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	15	687,823	573,632
Receivables	16	61,694	59,737
Other financial assets	17	16,367	5,787
Other assets	18	8,217	11,901
		<u>774,101</u>	<u>651,057</u>
Non-current assets held for sale	19	-	2,255
Total Current Assets		<u>774,101</u>	<u>653,312</u>
Non-Current Assets			
Receivables	16	474,254	359,603
Other financial assets	17	37,778	46,977
Property, plant and equipment	20	67,306,307	64,207,605
Right-of-use assets	22	53,827	75,444
Intangible assets	23	-	-
Other assets	18	7,387	7,813
Total Non-Current Assets		<u>67,879,553</u>	<u>64,697,442</u>
TOTAL ASSETS		<u>68,653,654</u>	<u>65,350,754</u>
LIABILITIES			
Current Liabilities			
Payables	24	336,135	311,826
Borrowings	25	67,948	93,310
Provisions	26	2,629	3,637
Contract liabilities	27	498	438
Total Current Liabilities		<u>407,210</u>	<u>409,211</u>
Non-Current Liabilities			
Borrowings	25	448,526	450,029
Total Non-Current Liabilities		<u>448,526</u>	<u>450,029</u>
TOTAL LIABILITIES		<u>855,736</u>	<u>859,240</u>
NET ASSETS		<u>67,797,918</u>	<u>64,491,514</u>
EQUITY			
Revaluation reserves		56,978,476	54,042,512
Accumulated funds		10,819,442	10,449,002
TOTAL EQUITY		<u>67,797,918</u>	<u>64,491,514</u>

The accompanying notes form part of these financial statements.

NSW Land and Housing Corporation
Statement of Changes in Equity
for the year ended 30 June 2025

	Notes	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at 1 July 2024		10,449,002	54,042,512	64,491,514
Net result for the year		(530,802)	-	(530,802)
Other Comprehensive Income				
Net increase in property, plant and equipment asset valuations	20(i)	-	4,452,850	4,452,850
Total comprehensive income for the year		(530,802)	4,452,850	3,922,048
Transfer between equity items				
Transfers on disposal of assets		1,516,886	(1,516,886)	-
Transactions with owners in their capacity as owners				
Decrease in net assets from equity transfer	28	(615,644)	-	(615,644)
Balance at 30 June 2025		10,819,442	56,978,476	67,797,918
Balance at 1 July 2023		10,517,404	53,720,129	64,237,533
Net result for the year		(258,188)	-	(258,188)
Other Comprehensive Income				
Net increase in property, plant and equipment asset valuations	20(ii)	-	1,665,743	1,665,743
Total comprehensive income for the year		(258,188)	1,665,743	1,407,555
Transfer between equity items				
Transfers on disposal of assets		1,343,360	(1,343,360)	-
Transactions with owners in their capacity as owners				
Decrease in net assets from equity transfer	28	(1,153,574)	-	(1,153,574)
Balance at 30 June 2024		10,449,002	54,042,512	64,491,514

The accompanying notes form part of these financial statements.

NSW Land and Housing Corporation
Statement of Cash Flows
for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Cash flows from Operating Activities			
Receipts			
Rent and other tenant charges		874,802	839,090
Grants and other contributions		287,343	430,093
Interest received		17,649	23,774
Revenue from contracts with customers		59,850	259
Other		16,266	75,662
Total receipts		1,255,910	1,368,878
Payments			
Property and residential tenancy		(602,093)	(587,650)
Tenancy management		(81,235)	(108,463)
Personnel services		(73,593)	(74,132)
Finance costs		(24,606)	(26,705)
Grants and subsidies		(5,818)	(12,458)
Statutory refund		(121,366)	-
Other		(185,281)	(138,843)
Total payments		(1,093,992)	(948,251)
Net cash flows from Operating Activities	32	161,918	420,627
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment		884,508	119,282
Advance repayments received		1,720	18,835
Purchase of property, plant and equipment		(866,273)	(577,193)
Advances made		(4,539)	(6,890)
Net cash flows from Investing Activities		15,416	(445,966)
Cash flows from Financing Activities			
Proceeds from borrowings		30,550	9,975
Repayments of borrowings and advances		(53,108)	(31,188)
Payment of principal portion of lease liabilities		(40,585)	(38,368)
Net cash flows from Financing Activities		(63,143)	(59,581)
Net increase/(decrease) in cash and cash equivalents		114,191	(84,920)
Opening cash and cash equivalents		573,632	658,552
CLOSING CASH AND CASH EQUIVALENTS	15	687,823	573,632

The accompanying notes form part of these financial statements.

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

1. Statement of Material Accounting Policy Information

a) Reporting Entity

The NSW Land and Housing Corporation (LAHC) is a NSW Government entity with no controlled entities. It is a Statutory Body and is controlled by the State of NSW as its ultimate parent.

LAHC is a not-for-profit entity as profit is not its principal objective and it has no cash generating units. It administers the *Housing Act 2001* (Housing Act) and its principal objective is to manage the State's housing portfolio on behalf of the New South Wales Government. In addition, LAHC administers the Housing Reserve Fund (HRF) which was established by the *Home Purchase Assistance Authority (HPAA) Act of 1993* and is now incorporated into the Housing Act.

LAHC is a member of Homes NSW, a division of Department of Communities and Justice (DCJ) cluster of agencies, but is not controlled by DCJ for financial reporting purposes. The financial statements of LAHC are consolidated with the NSW Total State Sector Accounts.

These financial statements for the year ended 30 June 2025 have been authorised for issue by the Secretary of the DCJ on 13 October 2025.

b) Basis of Preparation

LAHC's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- (i) applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- (ii) the requirements of the *Government Sector Finance Act 2018* (GSF Act); and
- (iii) Treasurer's Directions issued under the GSF Act.

Property, plant and equipment, assets held for sale and certain financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimates made by management are disclosed in the relevant notes to the financial statements. Estimates and underlying assumptions are reviewed on an on-going basis.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is LAHC's presentation and functional currency.

c) Statement of Compliance

LAHC's financial statements and notes comply with applicable Australian Accounting Standards (AAS), which include Australian Accounting Interpretations.

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

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

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

1. Statement of Material Accounting Policy Information (continued)

e) Tenancy management

Under the Service Partnership Agreement, LAHC engages DCJ to undertake tenancy management services including establishing and maintaining tenancies, management of tenant complaints and appeals, collection of rent and other charges, investigation of and drafting of responses to Ministerial and other enquires regarding delivery of services.

f) Comparative information

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

g) Changes in accounting policies, including new or revised AAS

(i) Effective for the first time in 2024-25

Several amendments and interpretations apply for the first time in 2024-25, but do not have a material impact on LAHC's financial statements.

(ii) Issued but not yet effective

LAHC has assessed the impact of the new standards and interpretations issued but not yet effective where relevant and considers the impact to be immaterial.

NSW public sector entities are not permitted to early adopt new AAS, unless Treasury determines otherwise.

h) Impact of climate-related matters on financial reporting for 2024-25

LAHC records any financial impact of climate-related risks, or initiatives in response to climate change in the financial statements based on actual spend. The risk of material misstatement is considered low given LAHC's property portfolio valuation considers factors that would impact the valuation of its properties, including climate change. LAHC also regularly assesses the condition of its property portfolio through property assessment surveys. Insurance arrangements also afford an additional level of protection against unplanned events.

There will be a financial impact of climate change initiatives and sustainability (increased cost of new supply and maintenance, cost of switching to more energy efficient homes, insulation, air conditioning, solar systems, water-efficient showerheads, LED lighting, etc), compliance, including new government requirements, if appropriate mitigating controls are not implemented and safety if climate change impacts the wellbeing of LAHC's social housing tenants.

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

2. Rent and Other Tenant Charges

	2025	2024
	\$'000	\$'000
Market rent and other tenant charges (notional)	2,060,672	1,833,546
Rental subsidies to tenants (notional)	(1,218,921)	(1,025,293)
Water usage charges	38,747	38,058
Total rent and other tenant charges	880,498	846,311

Recognition and Measurement

Rent and other tenant charges is LAHC's revenue as a lessor of operating leases. They are recognised on a straight line basis over the lease term in accordance with AASB 16. Accounting policies for the specific types of rental revenue are discussed below.

Social housing

In determining the rental subsidy, LAHC is required to estimate the market rent applicable to the properties it owns. Social housing tenants are required to pay a rent amount equivalent to a pre-determined percentage of their household income that is subject to periodical reviews. The difference between market rent recognised and the rent payable by the tenants is referred to as a rental subsidy and accounted for as a notional offset to the market rent.

Community housing

LAHC enters into lease agreements with registered community housing providers, with varying lease terms at a nominal rent of \$1 per annum. No revenue is recognised due to the nature of these leases.

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NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

3. Grants and Other Contributions

	2025	2024
	\$'000	\$'000
Grants with sufficiently specific performance obligations:		
Local council	1,718	-
Department of Regional NSW (DRNSW)	-	215
Department of Communities and Justice (DCJ)	-	255
Grants without sufficiently specific performance obligations:		
Department of Communities and Justice (DCJ) (i)	270,495	410,945
Department of Planning, Housing and Infrastructure (DPHI) (ii)	-	13,661
Department of Climate Change, Energy, the Environment and Water (DCCEEW) (iii)	16,870	3,510
Housing Australia (iv)	725	1,507
NSW Treasury (v)	109	-
Total grants and other contributions	289,917	430,093

(i) \$123.9 million (2024: \$148.0 million) Social Housing Accelerator Funding, \$20.0 million (2024: \$76.0 million) flood response funding and \$126.6 million (2024: \$121.9 million) annual grants received for programs such as head leasing, repairs and maintenance on crisis accommodation and capital works. 2024 grants includes \$35.0 million social housing maintenance, \$20.0 million to support housing construction apprenticeship programs and \$10.0 million modular housing trial funding.

(ii) 2024 grants includes \$13.4 million contribution for Redfern community facility as part of the re-development of 600-660 Elizabeth Street and \$0.2 million funding for electric vehicle chargers installation.

(iii) Grants received to support environmental sustainability programs.

(iv) Grants received to fast-track housing enabling infrastructure allowing projects to be delivered earlier than planned.

(v) Grant funding for electric vehicle chargers installation.

Recognition and Measurement

Grants are recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*.

Revenue from grants with sufficiently specific performance obligations are recognised when LAHC satisfies a performance obligation by transferring the promised goods or services as specified under the relevant agreements. Revenue from these grants is recognised based on the amounts specified in the agreements to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied.

Income from grants without sufficiently specific performance obligations are recognised when LAHC obtains control over the granted assets, usually when cash is received.

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

4. Investment Revenue

	2025 \$'000	2024 \$'000
Interest earned by LAHC:		
Bank deposits	17,475	23,731
Other	174	43
Total investment revenue	17,649	23,774

5. Revenue from Contracts with Customers

Rendering of services:		
Project management fees	182	234
Property management fees	4,235	2,855
Contract settlement proceeds	55,433	26
Total revenue from contracts with customers	59,850	3,115

Recognition and Measurement

Revenue is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers*.

Revenue from rendering of services is recognised when LAHC satisfies its performance obligation by transferring the promised services as specified under the relevant contracts between LAHC and its customers. They are measured at the transaction price agreed under the contract.

Depending on the term of the contracts, revenue can be recognised over time (based on labour hours and actual costs incurred to date for project management fees or pro-rata monthly for property management fees) or at a point in time (for contract settlement proceeds). No element of financing is deemed present as payments are due when service is provided.

Refer to note 27 for the disclosure of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, and when LAHC expects to recognise the unsatisfied portion as revenue.

6. Other Income

Long service leave accepted by the Crown (note 8)	1,044	2,736
Superannuation - defined benefit plan accepted by the Crown (note 8)	789	727
Property related	906	898
Total other income	2,739	4,361

Recognition and Measurement

LAHC's long service leave and superannuation defined benefit relate to personnel services received (refer to note 8) and are assumed by the Crown. Therefore, they are recognised as revenue in accordance with TPG 24-23 *Accounting for Long Service Leave and Annual Leave*.

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

7. Repairs and Maintenance

	2025	2024
	\$'000	\$'000
Residential properties	345,686	334,380
Commercial properties	335	981
Other	90	55
Total repairs and maintenance	346,111	335,416

Recognition and Measurement

LAHC expenses the cost of routine repairs and maintenance as incurred to maintain its property portfolio at certain standards, except where they relate to the replacement or an enhancement of a part or component of an asset in which case the costs are capitalised and depreciated.

8. Personnel Services

Salaries	55,841	54,749
Annual leave and leave loading	5,725	6,425
Long service leave accepted by the Crown (note 6)	1,044	2,736
Superannuation - defined benefit plan accepted by the Crown (note 6)	789	727
Superannuation - defined contribution plan	7,102	7,324
Workers compensation insurance	607	1,076
Payroll tax and fringe benefits tax	4,106	4,473
Other	211	85
Total personnel services	75,425	77,595

Recognition and Measurement

The personnel services expense is the expense incurred by LAHC on personnel services provided to it by DCJ. As LAHC is not an employer, the disclosure requirements of AASB 119 *Employee Benefits* in respect of employee benefits do not apply. Accordingly, LAHC does not recognise any provision for employee entitlements. The cost of personnel services reported in note 8 is net of a capitalised cost of \$10.5 million (2024: \$11.0 million). Refer to note 20 for accounting policy on capitalised personnel services.

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

9. Other Expenses

	2025	2024
	\$'000	\$'000
Management and other fees	3,072	3,626
Expense relating to short-term leases (i)	32,744	39,295
Property related expenses	15,446	15,111
Motor vehicle operating, travel & telecommunications	1,826	1,607
Professional services and contractors	76,558	64,227
Auditor's remuneration - audit of the financial statements	487	486
Other audit assurance services	10	133
Shared services (ii)	56,277	26,408
Waterloo Metro Quarter settlement (iii)	38,594	-
Maintenance App. implementation fees (iv)	18,058	-
Other	22,022	13,943
Total other expenses	265,094	164,836

Recognition and Measurement

- (i) Expense relating to short-term leases
Leases that meet the AASB 16 definition of short term (i.e. where the lease term at commencement of the lease is 12 months or less) are recognised as an expense on a straight-line basis over the lease term in the Statement of Comprehensive Income. This excludes leases with a purchase option.
- (ii) Shared services
Shared services include corporate support services provided by DCJ under the Service Partnership Agreement (finance transactions, information technology and human resource functions). Expenses are recognised on an accrual basis and measured at the fair value of the consideration paid or payable.
- (iii) Payment to Sydney Metro in satisfaction of LAHC's obligations under the Transition and Funding Agreement.
- (iv) Costs associated with an interim process and agreement arising from delays related to the integration of the Maintenance Application with the Responsive and Planned Maintenance (RAPM) contractors' information management systems to achieve real time automated data exchange.

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

10. Depreciation and Amortisation

	2025	2024
	\$'000	\$'000
Depreciation		
Residential properties	582,348	571,234
Commercial properties	382	386
Community purpose built properties	690	716
Right-of-use assets - Property	38,333	37,037
Right-of-use assets - Fleet	302	361
Computer hardware, office furniture and equipment	410	545
Leasehold improvements	4	5
Total depreciation	622,469	610,284
Amortisation		
Intangible assets	-	73
Total amortisation	-	73
Total depreciation and amortisation	622,469	610,357

Recognition and Measurement

Refer to note 20 and 23 for recognition and measurement policies on depreciation and amortisation.

11. Grants and Subsidies

Stimulus apprenticeship programs	2,570	9,458
Property transfers to Aboriginal Housing Office (note 20 (i) & (ii))	322	990
Property transfers to local councils (note 20 (ii))	-	5,257
Grant to not-for-profit organisation	3,248	-
DCJ - other programs	-	3,000
Total grants and subsidies expense	6,140	18,705

12. Finance Costs

Interest expense from financial liabilities at amortised cost:		
State advances – Commonwealth loans	35,260	36,961
NSW Treasury Corporation (TCorp) loans	4,178	4,742
Housing Australia loans	648	724
Other loans	111	131
Housing Australia loan establishment fee	-	53
Amortisation of premium/(discount) on TCorp loans	648	(349)
Interest expense from lease liabilities (note 22)	2,562	2,802
Total finance costs	43,407	45,064

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

13. (Loss)/Gain on Disposal of Assets

	2025	2024
	\$'000	\$'000
(i) Sale and vesting of assets		
<i>Residential properties</i>		
Sale proceeds	28,472	38,076
Selling expenses	(6,670)	(5,720)
Net proceeds	21,802	32,356
Less: carrying amount of assets sold	(24,969)	(34,038)
Loss	(3,167)	(1,682)
<i>Community Purpose Built Properties</i>		
Sale proceeds	945	-
Less: selling expenses	(4)	-
Net proceeds	941	-
Less: carrying amount of assets sold	(955)	-
Loss	(14)	-
<i>Land</i>		
Sale proceeds	70,713	92,504
Selling expenses	(4,585)	(7,639)
Net proceeds	66,128	84,865
Less: carrying amount of assets sold	(112,225)	(45,290)
(Loss)/Gain	(46,097)	39,575
<i>Residential properties vested¹</i>		
Proceeds from vesting	620,059	-
Less: carrying amount of assets vested	(620,059)	-
(Loss)/Gain	-	-
<i>Land vested¹</i>		
Proceeds from vesting	176,581	-
Less: carrying amount of assets vested	(176,581)	-
(Loss)/Gain	-	-
Total sales and vesting of property, plant and equipment		
Sale and vesting proceeds	896,770	130,580
Selling expenses	(11,259)	(13,359)
Net proceeds	885,511	117,221
Less: carrying amount of assets sold and vested (note 20 (i) & (ii))	(934,789)	(79,328)
(Loss)/Gain	(49,278)	37,893
Note		
1. Transfer of properties to DCJ under the Ministerial vesting orders to support the Building Homes for NSW Program. Under the program, 956 assets were vested to the Minister administering the Housing Act 2001 on and effective 9 and 16 June 2025 for consideration of \$796.6 million.		
(ii) Assets demolished		
Carrying amount of demolished properties (note 20 (i) & (ii))	(27,221)	(19,219)
In accordance with LAHC's strategic asset management program, properties that meet certain criteria may be demolished for redevelopment.		
(iii) Assets written off and impaired		
Property, plant and equipment (note 20 (i) & (ii))	(781)	(2,142)
Impairment – non-current assets classified as held for sale (note 19 (i))	-	(45)
Assets written off and impaired	(781)	(2,187)
(Loss)/gain on disposal of property, plant and equipment	(77,280)	16,487

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

13. (Loss)/Gain on Disposal of Assets (continued)

	2025	2024
	\$'000	\$'000
(iv) Sale of assets held for sale		
<i>Residential properties</i>		
Sale proceeds	2,330	-
Selling expenses	(57)	-
Net proceeds	2,273	-
Less: carrying amount of assets sold	(2,255)	-
Gain	18	-
<i>Vacant Land</i>		
Sale proceeds	-	1,886
Selling expenses	-	(44)
Net proceeds	-	1,842
Less: carrying amount of assets sold	-	(775)
Gain	-	1,067
Total sale of assets held for sale		
Sale proceeds	2,330	1,886
Selling expenses	(57)	(44)
Net proceeds	2,273	1,842
Less: carrying amount of assets sold (note 19 (i))	(2,255)	(775)
Gain on sale of assets held for sale	18	1,067
Total (loss)/gain on disposal of assets	(77,262)	17,554

Recognition and Measurement

The gain or loss on disposal of assets is recognised in the Statement of Comprehensive Income when LAHC transfers the risks or rewards of the asset for a reliably measurable price and it is probable that LAHC will receive the benefits. When property assets are sold, the gain or loss from the disposal is recognised at the contract settlement date.

14. Other Losses

Impairment loss on receivables (note 16(i))	(7,145)	(1,909)
Gain on termination of right-of-use assets (note 22)	323	46
Total other losses	(6,822)	(1,863)

Recognition and Measurement

Impairment losses may arise on non-financial assets held by LAHC from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to other losses are disclosed in the following notes:

Impairment loss on receivables - note 16

Gain/(loss) on termination of right-of-use assets - note 22

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

15. Current Assets – Cash and Cash Equivalents

	2025 \$'000	2024 \$'000
Cash at bank and on hand	687,823	573,632
Total cash and cash equivalents (i)	687,823	573,632

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

Housing Reserve Fund (HRF) (note 1a)	160,597	150,966
Security deposits	7	7
Millers Point Restricted Funds (note 29)	-	-
Restricted cash and cash equivalents	160,604	150,973

16. Current / Non-Current Assets – Receivables

Current

Receivables from contracts with customers	10,909	5,694
Other receivables (rental and sundry debtors)	79,371	72,477
	90,280	78,171

Less allowance for expected credit losses (i) :

- Receivables from contracts with customers	(178)	(168)
- Other receivables (rental and sundry debtors)	(28,408)	(22,966)
Total expected credit losses	(28,586)	(23,134)

Social dwellings under Project Delivery Agreement

	-	4,700
Total current receivables	61,694	59,737

Non-current

Social dwellings under Project Delivery Agreement	473,811	359,160
Infrastructure contribution	443	443

Total non-current receivables	474,254	359,603
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Total receivables	535,948	419,340
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(i) The movement in the aggregate allowance for expected credit losses in receivables is as follows:

Balance, beginning of year	23,134	22,446
Amounts written off during the year	(1,693)	(1,221)
Increase in allowance for expected credit losses recognised in net result (note 14)	7,145	1,909
Balance at end of year	28,586	23,134

Details of credit risk on receivables that are neither past due or impaired are disclosed in note 33.

16. Current / Non-Current Assets – Receivables (continued)

Recognition and Measurement

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

LAHC holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

LAHC recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that LAHC expects to receive, discounted at the original effective interest rate.

For trade receivables, LAHC applies a simplified approach in calculating ECLs. LAHC recognises a loss allowance based on lifetime ECLs at each reporting date. LAHC has established a provision matrix based on its historical credit loss experience for trade receivables, considering any forward-looking factors specific to the receivables.

Amounts written off during the year

Uncollectible amounts are recognised as bad debts and written off when one of the following conditions is 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.

Social dwellings under Project Delivery Agreement

LAHC, as the owner of the land of redevelopment sites, has entered into Project Delivery Agreements (PDA) with third party developers to develop the sites into a mix of private, affordable and social housing units. Under the PDA, LAHC is entitled to receive a minimum number of social dwellings in the future as consideration for transferring control of the land to the developers.

When control of the land was transferred from LAHC to the developers, LAHC derecognised its land and buildings at their fair value, i.e. estimated market value and recognised non-financial receivables being the expected value of social dwellings to be delivered in the future. On delivery of these dwellings, LAHC will derecognise the non-financial receivables and recognise property, plant and equipment to the value of dwellings received.

As at 30 June 2025, LAHC recognised \$313.3 million for Macquarie Park, \$46.8 million for Bonnyrigg and \$113.7 million for Arncliffe as non-financial receivables.

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

17. Current / Non-Current - Other Financial Assets

	2025	2024
	\$'000	\$'000
Current		
Mortgage Assistance Scheme	191	201
Advance under Project Delivery Agreement ¹	-	5,699
Loan receivable ²	16,289	-
	16,480	5,900
Allowance for expected credit losses	(113)	(113)
Total current other financial assets	16,367	5,787
Non-current		
Mortgage Assistance Scheme	360	355
Advance under Project Delivery Agreement ¹	37,418	30,333
Loan receivable ²	-	16,289
Total non-current other financial assets	37,778	46,977
Total other financial assets	54,145	52,764

Notes

1. Advance provided to the development manager of Bonnyrigg.
2. On-loan of Housing Australia funding to the development manager of Macquarie Park.

Refer to note 33 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and Measurement

Refer to note 16 as recognition and measurement policies of receivables also apply to LAHC's other financial assets.

18. Current / Non-Current – Other Assets

Current		
Head leasing (i)	3,927	7,650
Prepaid expenditures	4,290	4,251
Total current other assets	8,217	11,901
Non-current		
Prepaid infrastructure costs (ii)	7,387	7,813
Total non-current other assets	7,387	7,813
Total other assets	15,604	19,714

(i) Head leasing assets relate to prepaid rent of residential properties LAHC leases from the private market which are sub-let to eligible tenants to supplement its housing stock.

(ii) Prepaid infrastructure costs represent contributions to long term community projects that will not be completed within 12 months.

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

19. Non-Current Assets Held for Sale

	2025	2024
	\$'000	\$'000
Residential properties	-	2,255
Total assets classified as held for sale (i)	-	2,255

(i) Reconciliations of the total carrying amount of assets classified as held for sale at the beginning and end of the year are set out below:

Carrying amount, beginning of year	2,255	775
Sale of assets – carrying amount (note 13 (iv))	(2,255)	(775)
Impairment loss (note 13 (iii))	-	(45)
Reclassified from non-current assets to assets held for sale (note 20 (i) & (ii))	-	2,300
Carrying amount at end of year	-	2,255

Recognition and Measurement

LAHC has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets are expected to be sold in the following financial year through a number of disposal options including auctioning the properties. Assets held for sale are recognised at the lower of carrying amount and fair value less costs of disposal.

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 net result. Gains on re-measurement are recognised in the net result only to the extent of the cumulative impairment loss that has been recognised.

These assets are not depreciated / amortised while they are classified as held-for-sale. The technique to determine fair value less costs to sell for each type of asset held for sale is consistent with the technique used for residential properties, commercial properties and vacant land and so the fair value measurements are categorised within Level 3 of the fair value hierarchy. Further details regarding fair value measurement are disclosed in note 21.

Impairment

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 and impaired (refer note 13 (iii)) .

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20. Non-Current Assets - Property, Plant and Equipment

	2025 \$'000	2024 \$'000
Property		
Residential properties		
Land, at gross carrying amount	36,245,750	35,217,391
Buildings, at gross carrying amount	29,271,862	27,441,799
Accumulated depreciation	(30,633)	(60,511)
Buildings - net carrying amount	29,241,229	27,381,288
Residential properties – net carrying amount	65,486,979	62,598,679
Commercial properties		
Land, at gross carrying amount	47,744	45,797
Buildings, at gross carrying amount	18,948	19,297
Accumulated depreciation	(189)	(193)
Buildings - net carrying amount	18,759	19,104
Commercial properties – net carrying amount	66,503	64,901
Community purpose built properties		
Land, at gross carrying amount	152,861	145,651
Buildings, at gross carrying amount	27,107	36,280
Accumulated depreciation	(271)	(363)
Buildings - net carrying amount	26,836	35,917
Community purpose built properties – net carrying amount	179,697	181,568
Land for redevelopment	853,629	944,668
Vacant land	54,546	49,016
Land under roads	5,247	4,667
Work in progress, at gross carrying amount	657,489	363,288
Leasehold improvements		
Leasehold improvements, at cost	21	21
Accumulated depreciation	(18)	(14)
Leasehold improvements – net carrying amount	3	7
Total property – net carrying amount	67,304,093	64,206,794

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20. Non-Current Assets - Property, Plant and Equipment (continued)

	2025	2024
	\$'000	\$'000
Plant and Equipment		
Computer hardware, office furniture and equipment		
Gross carrying amount	4,531	2,812
Accumulated depreciation	(2,317)	(2,001)
Total plant and equipment – net carrying amount	2,214	811
Total property, plant and equipment – net carrying amount	67,306,307	64,207,605

Recognition and Measurement

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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:

- (a) the cost of materials and direct labour;
- (b) any other costs directly attributable to bringing the asset to a working condition for its intended use; and
- (c) the costs of dismantling and removing the items and restoring the site on which they are located.

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 price that would be received if an asset is sold in an orderly transaction between market participants at a measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

Residential properties acquired are recognised as property, plant and equipment upon settlement.

Capitalisation

Property, plant and equipment, including leasehold improvements, generally over \$5,000 are capitalised if it is probable that the future economic benefits will flow to LAHC and the cost of the asset can be reliably measured. Capitalised costs include personnel services amounting to \$10.5 million (2024: \$11.0 million). The cost of personnel services reported in note 8 is net of this capitalised amount.

20. Non-Current Assets - Property, Plant and Equipment (continued)

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 or component of an asset, when the asset recognition criteria are satisfied.
- (b) Repairs and maintenance
LAHC expenses the cost of routine repairs and maintenance as incurred to maintain its property portfolio at certain standards, except where they relate to the replacement or an enhancement of a part or component of an asset in which case the costs are capitalised and depreciated.
- (c) Capital improvements
LAHC incurs costs necessary to bring aged dwellings within its property portfolio to LAHC's standard condition. These costs are capitalised when the improved dwellings exceed their original standard as a result of the work undertaken.

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. LAHC undertakes ongoing maintenance and upgrading in order to maintain properties at a certain standard. The estimated useful lives of the depreciable assets are:

Asset class	Estimated useful life for the current and previous year
Residential properties*	50 years
Right-of-use assets	shorter of the lease term or the life of the underlying assets
Commercial properties	50 years
Community purpose built properties	50 years
Computer hardware	4 years
Office furniture and equipment	3 years
Leasehold improvement	shorter of the estimated useful life and the unexpired term of the lease

*Except those marked for demolition. Estimated useful life for residential properties marked for demolition is 1 to 5 years.

Right-of-use assets acquired by lessees

AASB 16 *Leases* (AASB 16) requires LAHC, as a lessee, to recognise a right-of-use asset for most leases. LAHC has elected to present right-of-use assets separately in the Statement of Financial Position. Further information on leases is contained at note 22.

20. Non-Current Assets - Property, Plant and Equipment (continued)

Revaluation

Physical non-current assets are valued in accordance with the *Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines Paper* (TPP 21-09) and Treasurer's Direction *Valuation of Physical Non-Current Assets at Fair Value* (TD 21-05). TD 21-05 and TPP 21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use.

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* (AASB 2022-10) applies to annual periods beginning on or after 1 January 2024. AASB 2022-10 amends AASB 13 *Fair Value Measurement* (AASB 13). For non-financial assets of not-for-profit public sector entities that are not held primarily for their ability to generate net cash inflows, there is a rebuttable assumption that current use is highest and best use, unless the asset is classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or it is highly probable that the asset will be used for an alternative purpose to its current use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Refer to note 21 for further information regarding fair value.

LAHC revalues land and buildings annually to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

For non-specialised property, plant and equipment with short useful lives, depreciated historical cost is considered to approximate fair value. LAHC has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current 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 by the revaluation increments or decrements. Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

Revaluation increments / decrements

Revaluation increments are recognised in other comprehensive income and credited directly to the Asset Revaluation Reserve, except that, to the extent an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except that, to the extent a credit balance exists in the Asset Revaluation Reserve in respect of the same class of assets, they are debited directly to the Asset Revaluation Reserve.

As 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.

Where an asset that has previously been revalued is disposed of, any balance remaining in the Asset Revaluation Reserve in respect of that asset is transferred to Accumulated Funds.

20. Non-Current Assets - Property, Plant and Equipment (continued)

Impairment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. This means that for an asset already measured at fair value, impairment can only arise if disposal costs are material. Disposal costs are regarded as immaterial.

LAHC assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, LAHC estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

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20. Non-Current Assets - Property, Plant and Equipment (continued)

The following tables reflect transfers between all classes of property, plant and equipment.

i) Reconciliation of the net carrying amounts of each class of property, plant and equipment

2025	Note	Residential Properties	Commercial Properties	Community Purpose Built Properties	Total where LAHC is a lessor under operating leases	Land held for Redevelopment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improvements	Computer Hardware, Office Furniture & Equipment	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at beginning of year		62,598,679	64,901	181,568	62,845,148	944,668	49,016	4,667	363,288	7	811	64,207,605
Additions/capital improvements		-	-	-	-	-	-	-	905,581	-	1,813	907,394
Transfers to completed properties		629,134	-	-	629,134	23,738	108,855	-	(761,727)	-	-	-
Reclassified from non-current assets to assets held for sale	19(i)	-	-	-	-	-	-	-	-	-	-	-
Carrying amount of assets sold	13(i)	(24,969)	-	(955)	(25,924)	(5,849)	(106,376)	-	-	-	-	(138,149)
Carrying amount of assets vested	13(ii)	(620,059)	-	-	(620,059)	(176,581)	-	-	-	-	-	(796,640)
Equity transfer to Aboriginal Housing Office	28	(615,644)	-	-	(615,644)	-	-	-	-	-	-	(615,644)
Transfer to Aboriginal Housing Office	11	(228)	-	-	(228)	-	(94)	-	-	-	-	(322)
Transfers between classes		(66,535)	-	(9,054)	(75,589)	(70,748)	(16)	-	146,353	-	-	-
Demolitions		(26,729)	-	(492)	(27,221)	-	-	-	-	-	-	(27,221)
Write-off or impaired – asset owned	13(iii)	-	-	-	-	-	-	-	(781)	-	-	(781)
Transfer from receivables		-	-	-	-	-	-	-	4,775	-	-	4,775
Transfer to receivables		-	-	-	-	(103,726)	-	-	-	-	-	(103,726)
Revaluation increment		4,195,678	1,984	9,320	4,206,982	242,127	3,161	580	-	-	-	4,452,850
Depreciation expense	10	(582,348)	(382)	(690)	(583,420)	-	-	-	-	(4)	(410)	(583,834)
Net carrying amount at end of year		65,486,979	66,503	179,697	65,733,179	853,629	54,546	5,247	657,489	3	2,214	67,306,307

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20. Non-Current Assets - Property, Plant and Equipment (continued)

ii) Reconciliation of the net carrying amounts of each class of property, plant and equipment (continued)

2024	Note	Residential Properties	Commercial Properties	Community Purpose Built Properties	Total where LAHC is a lessor under operating leases	Land held for Redevelopment	Vacant Land	Land under Roads	Work in Progress	Leasehold Improvements	Computer Hardware, Office Furniture & Equipment	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at beginning of year		62,161,278	64,805	171,535	62,397,618	942,155	44,637	4,582	396,903	12	830	63,786,737
Additions/capital improvements		-	-	-	-	-	-	-	543,502	-	526	544,028
Transfers to completed properties		729,138	112	-	729,250	32,875	43,015	-	(805,140)	-	-	-
Reclassified from non-current assets to assets held for sale	19(i)	(2,300)	-	-	(2,300)	-	-	-	-	-	-	(2,300)
Carrying amount of assets sold	13(i)	(34,038)	-	-	(34,038)	(1,028)	(44,262)	-	-	-	-	(79,328)
Equity transfer to Aboriginal Housing Office	28	(1,153,574)	-	-	(1,153,574)	-	-	-	-	-	-	(1,153,574)
Transfer to Aboriginal Housing Office	11	(591)	-	-	(591)	(347)	(52)	-	-	-	-	(990)
Transfer from Aboriginal Housing Office		-	-	-	-	61	-	-	-	-	-	61
Transfers between classes		(100,819)	(3,440)	(2,248)	(106,507)	6,378	(204)	-	100,333	-	-	-
Transfer to local council	11	-	-	-	-	(5,257)	-	-	-	-	-	(5,257)
Demolitions	13(ii)	(19,219)	-	-	(19,219)	-	-	-	-	-	-	(19,219)
Write-off or impaired – asset owned	13(iii)	-	-	-	-	-	-	-	(2,142)	-	-	(2,142)
Transfer from receivables		-	-	-	-	-	-	-	129,832	-	-	129,832
Transfer to receivables		-	-	-	-	(50,600)	-	-	-	-	-	(50,600)
Transfer to other financial assets		-	-	-	-	(32,500)	-	-	-	-	-	(32,500)
Revaluation increment		1,590,038	3,810	12,997	1,606,845	52,931	5,882	85	-	-	-	1,665,743
Depreciation expense	10	(571,234)	(386)	(716)	(572,336)	-	-	-	-	(5)	(545)	(572,886)
Net carrying amount at end of year		62,598,679	64,901	181,568	62,845,148	944,668	49,016	4,667	363,288	7	811	64,207,605

21. Fair Value Measurement of Non-Financial Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, LAHC categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets/liabilities LAHC can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable either directly or indirectly (observable inputs).
- Level 3: inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

a) Fair value hierarchy of Property, Plant and Equipment

Management has determined that as a result of a range of significant inputs in the property portfolio being classified as unobservable plus the substantial value of the residential portfolio, the entire property assets class will be categorised as level 3 for the purpose of the fair value hierarchy table.

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21. Fair Value Measurement of Non-Financial Assets (continued)

i) *Disclosure of the gross carrying amount and accumulated depreciation for each class of property, plant and equipment*

Fair Value Hierarchy:	Residential Properties	Commercial Properties	Community Purpose Built Properties	Total where LAHC is a lessor under operating leases	Land held for Redevelopment	Vacant Land	Land under Roads	Assets Held for Sale	Total
	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	\$'000
At 1 July 2024 - fair value									
Gross carrying amount	62,659,190	65,094	181,931	62,906,215	944,668	49,016	4,667	2,255	63,906,821
Accumulated depreciation and impairment	(60,511)	(193)	(363)	(61,067)	-	-	-	-	(61,067)
Net carrying amount	62,598,679	64,901	181,568	62,845,148	944,668	49,016	4,667	2,255	63,845,754
At 30 June 2025 - fair value									
Gross carrying amount	65,517,612	66,692	179,968	65,764,272	853,629	54,546	5,247	-	66,677,694
Accumulated depreciation and impairment	(30,633)	(189)	(271)	(31,093)	-	-	-	-	(31,093)
Net carrying amount	65,486,979	66,503	179,697	65,733,179	853,629	54,546	5,247	-	66,646,601

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21. Fair Value Measurement of Non-Financial Assets (continued)

ii) *Disclosure of the gross carrying amount and accumulated depreciation for each class of property, plant and equipment (continued)*

Fair Value Hierarchy:	Residential Properties	Commercial Properties	Community Purpose Built Properties	Total where LAHC is a lessor under operating leases	Land held for Redevelop- ment	Vacant Land	Land under Roads	Assets Held for Sale	Total
	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	Level 3 \$'000	\$'000
At 1 July 2023 - fair value									
Gross carrying amount	62,267,812	64,983	171,883	62,504,678	942,155	44,637	4,582	775	63,496,827
Accumulated depreciation and impairment	(106,534)	(178)	(348)	(107,060)	-	-	-	-	(107,060)
Net carrying amount	62,161,278	64,805	171,535	62,397,618	942,155	44,637	4,582	775	63,389,767
At 30 June 2024 - fair value									
Gross carrying amount	62,659,190	65,094	181,931	62,906,215	944,668	49,016	4,667	2,255	63,906,821
Accumulated depreciation and impairment	(60,511)	(193)	(363)	(61,067)	-	-	-	-	(61,067)
Net carrying amount	62,598,679	64,901	181,568	62,845,148	944,668	49,016	4,667	2,255	63,845,754

21. Fair Value Measurement of Non-Financial Assets (continued)

b) Valuation techniques, inputs and processes

LAHC's property portfolio is a large dynamic portfolio with property assets being acquired, sold, redeveloped or refurbished on an ongoing basis. The most significant class of assets for which fair values are required is residential land and buildings (residential properties). All assets in this class are categorised within Level 3 of the fair value hierarchy where the valuation incorporates significant inputs not based on observable market data (unobservable inputs). These inputs are generally derived and extrapolated from observable inputs of the relevant market LAHC operates within.

In developing the valuation methodology, LAHC management aims to minimise the use of significant unobservable inputs. Given the large number of residential properties within LAHC's property portfolio (over 98% of the portfolio), management has determined that the application of a mass appraisal valuation methodology is appropriate.

Asset Class	Fair value hierarchy	Valuation technique	Inputs used to measure fair value
Residential properties	Level 3	Market approach	• Comparable recent market sales • Property attributes of benchmark • Uplift market movement provided by an accredited valuer • Block title adjustment (i)
Commercial properties	Level 3	Market approach or income capitalisation method	• Comparable recent market sales • Adopted capitalisation rates
Community Purpose Built Properties	Level 3	Market approach, income capitalisation method or depreciated replacement cost	• Comparable recent market sales • Adopted capitalisation rates • Consumed economic benefit/ obsolescence of assets • Construction industry replacement cost
Land held for redevelopment and vacant land	Level 3	Valuer General of NSW unimproved capital value	• Land value per square metre
Land under roads	Level 3	Valuer General of NSW unimproved capital value discounted by a factor	• Land value per square metre • Appropriate discount factor used to reflect the valuation on an englobo (pre-subdivision) basis

(i) Refers to a reduction in the valuation of a large super-lot or block of properties to incorporate anticipated costs of sub-division or strata. The amount of the adjustment is dependent upon a cost matrix of four variable factors, 1) titling costs, 2) remedial costs, 3) the developers selling expense percentage and 4) the developers profit and risk allowance percentage to undertake a sub-division.

The table below explains the valuation techniques and key inputs used to measure fair value.

Market approach	A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable sales.
Income capitalisation method	This method involves assessing the total net market income receivable from a property and capitalising this in perpetuity to derive a capital value. Adopted capitalisation rate reflects the nature, location and tenancy profile of the property.
Depreciated replacement cost	Under this method, the estimated cost to replace the asset is calculated and then adjusted to take into account the consumed economic benefit, represented by accumulated depreciation.
Valuer General of NSW's unimproved capital value	The Valuer General of NSW's assessed value of the land without any structures or improvements.

21. Fair Value Measurement of Non-Financial Assets (continued)

b) Valuation techniques, inputs and processes (continued)

i) Residential properties

Fair values are determined by the application of a mass appraisal methodology using a rolling benchmark valuation approach. One-third of LAHC's benchmark properties (approximately 1,800) are valued annually by accredited property valuers by reference to comparable market sales to calculate a market movement index and the market movement index is then applied to the remaining two-thirds of the benchmark properties. All benchmark properties are grouped within thirteen geographical reporting regions. The benchmark property median value index movement in each geographical group is then applied to the remaining properties within each geographical region. Adjustments are made to each property for any significant variations in characteristics to the benchmark properties. The rolling benchmark valuation process is performed annually with a valuation date 31 December. An update to the market movement factors ('uplift') is provided each year by an accredited valuer for the six month period ending 30 June each year. A block title adjustment is then applied to approximately 65% of the properties in the residential portfolio with an estimated discount to the overall valuation of \$11,741 million (2024: \$11,204 million). Where LAHC has a partial interest in a property, the valuation is calculated by applying LAHC's ownership percentage.

ii) Commercial properties

The fair value of each asset within this class is determined annually by accredited property valuers with recent experience in the location and class of the property being valued. Valuation methods used to determine the fair value include market sales comparisons and capitalisation rates (most frequently used ranging from 4.3% to 10.0%). All methodologies adjust fair values for any differences in quality or nature of the building, location, occupancy rate and lease / tenant profile.

iii) Community purpose built properties

This class of properties consists of specialised properties across various asset types, equity interest and concession lease arrangements and undertakings. Due to the special purpose for which these properties are held, each asset is valued annually by accredited property valuers. The methodology in valuing each asset varies and includes market sales comparison, capitalisation rates (most frequently used ranging from 4.3% to 10.0%) or current replacement cost where comparable sales data is not available.

iv) Land held for redevelopment / vacant land

Land held for redevelopment and vacant land (that has a registered title) is revalued annually and based on the Valuer General of NSW property information contained in the valuation database for rating and taxation purposes.

v) Land under roads

Land under roads is revalued annually and although it has no feasible alternative use, the asset class is valued at existing use based on an englobo approach. The initial value is based on the average of the Valuer General of NSW property information contained in the valuation database for rating and taxation purposes for an entire Local Government Area (LGA). The resulting value is discounted by an appropriate factor to reduce the value to an englobo rate to reflect the asset at its existing use. The current discount factor as assessed by an accredited property valuer is 80%.

vi) Plant and Equipment

Plant and equipment assets are non-specialised assets with short useful lives and are measured at depreciated historical cost as an approximation of fair value. They do not require AASB 13 fair value hierarchy disclosures.

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22. Leases

a) LAHC as a lessee

LAHC leases a number of residential properties and motor vehicles. The residential property leases from the private market are required to supplement LAHC's housing stock in order to support client demand for social housing. Lease contracts are typically made for fixed periods up to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. LAHC does not provide residual value guarantees in relation to leases.

AASB 16 *Leases* requires LAHC as a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases. LAHC has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less.

Right-of-use assets under leases

The following table presents right-of-use assets that do not meet the definition of investment property.

	Land and buildings	Significantly below-market leases⁽ⁱ⁾	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2024	63,322	11,912	210	75,444
Additions	20,607	-	448	21,055
Depreciation expense	(37,866)	(467)	(302)	(38,635)
Lease remeasurements	(2,928)	(1,204)	95	(4,037)
Balance at 30 June 2025	43,135	10,241	451	53,827
Balance at 1 July 2023	48,577	12,839	476	61,892
Additions	52,848	-	62	52,910
Depreciation expense	(36,110)	(927)	(361)	(37,398)
Lease remeasurements	(1,993)	-	33	(1,960)
Balance at 30 June 2024	63,322	11,912	210	75,444

(i) Properties under long term lease arrangements that have significantly below-market terms and conditions held principally to enable LAHC to further its objectives. The lease term is generally more than 50 years with annual peppercorn rent of \$1.

Lease liabilities

The following table presents lease liabilities associated with the right-of-use assets.

	2025 \$'000	2024 \$'000
Balance at 1 July	65,060	48,723
Additions	21,056	52,910
Lease remeasurements	95	(106)
Lease terminations	(3,954)	(901)
Interest expense (note 12)	2,562	2,802
Payments	(40,585)	(38,368)
Balance at end of year (note 25)	44,234	65,060

22. Leases (continued)

a) LAHC as a lessee (continued)

The following amounts were recognised in the Statement of Comprehensive Income during the year in respect of leases where LAHC is the lessee:

	2025	2024
	\$'000	\$'000
Depreciation expense of right-of-use assets (note 10)	38,635	37,398
Interest expense on lease liabilities (note 12)	2,562	2,802
Expense relating to short-term leases (note 9)	32,744	39,295
Gain arising from termination of leases (note 14)	(323)	(46)
Total amount recognised in the Statement of Comprehensive Income	73,618	79,449

LAHC had total cash outflows for leases of \$73.3 million (2024: \$77.7 million).

Recognition and Measurement

LAHC assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

LAHC recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term and low-value assets leases.

i) Right-of-use assets

LAHC recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are subsequently measured at cost. They are generally depreciated on a straight line basis over a period up to 5 years.

The right-of-use assets are also subject to impairment. LAHC assesses, at each reporting date, whether there is an indication that an asset may be impaired. Due to the short term nature of the leases, with a maximum term of 5 years, impairment is unlikely. If any indication exists, or when annual impairment testing for an asset is required, LAHC estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii) Lease liabilities

At the commencement date of the lease, LAHC recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for LAHC's residential property leases, an incremental borrowing rate is used, being the rate that LAHC would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. LAHC uses T-Corp rates issued by NSW Treasury as its incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments. LAHC's lease liabilities are included in borrowings (note 25).

22. Leases (continued)

a) LAHC as a lessee (continued)

iii) Short term leases

LAHC applies the short-term lease recognition exemption to its short-term leases of land and buildings and motor vehicles (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

iv) Leases that have significantly below-market terms and conditions principally to enable LAHC to further its objectives (significantly below-market leases)

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable LAHC to further its objectives is the same as right-of-use assets arising from leases at market terms and conditions. They are measured at cost, subject to impairment.

b) LAHC as a lessor

LAHC's properties are mainly leased to social housing tenants with rentals payable weekly. Lease payments are subject to annual market rent review, however, there are no other variable lease payments that depend on an index or rate. Social housing tenants are required to pay a rent amount equivalent to a pre-determined percentage of their household income that is subject to periodical reviews. The difference between market rent recognised and the rent payable by the tenants is referred to as a rental subsidy and accounted for as a notional offset to the market rent.

Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease as at 30 June are as follows:

	2025	2024
	\$'000	\$'000
Within one year	853,309	835,502
Later than one year and not later than five years	3,551,160	3,446,221
Later than five years	4,558,066	4,495,212
Total	8,962,535	8,776,935

Recognition and Measurement - lessor for operating leases

An operating lease is a lease other than a finance lease. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature.

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23. Intangible Assets

	Software¹	Total
	\$'000	\$'000
At 1 July 2024		
Cost (gross carrying amount)	8,550	8,550
Accumulated amortisation and impairment	(8,550)	(8,550)
Net carrying amount	-	-
At 30 June 2025		
Cost (gross carrying amount)	8,179	8,179
Accumulated amortisation and impairment	(8,179)	(8,179)
Net carrying amount	-	-
Year ended 30 June 2025		
Net carrying amount at beginning of year	-	-
Amortisation (note 10)	-	-
Net carrying amount at end of year	-	-
At 1 July 2023		
Cost (gross carrying amount)	8,550	8,550
Accumulated amortisation and impairment	(8,477)	(8,477)
Net carrying amount	73	73
At 30 June 2024		
Cost (gross carrying amount)	8,550	8,550
Accumulated amortisation and impairment	(8,550)	(8,550)
Net carrying amount	-	-
Year ended 30 June 2024		
Net carrying amount at beginning of year	73	73
Amortisation (note 10)	(73)	(73)
Net carrying amount at end of year	-	-

¹The only intangible asset that LAHC has is computer software.

23. Intangible Assets (continued)

Recognition and Measurement

Intangible assets costing \$5,000 and above are capitalised if it is probable that future economic benefits will flow to 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 LAHC. However, intangible assets acquired at no or nominal cost are measured at fair value as at the date of acquisition.

For computer software developed internally by 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. As there are no active markets for LAHC's intangible assets, they are carried at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets is calculated on a straight line basis over the assets' estimated useful lives, which are assessed annually. The current estimated useful life for intangible assets is 3 years.

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.

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24. Current Liabilities – Payables

	2025	2024
	\$'000	\$'000
Trade creditors	2,045	6,103
Rent received in advance	50,877	51,395
DCJ - personnel services	14,067	15,155
Accrued operating expenditure	117,696	57,504
Accrued capital expenditure	126,457	74,337
DCJ - other	1,299	926
Other payables	23,694	106,406
Total current payables	336,135	311,826

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in note 33.

Recognition and Measurement

Payables represent liabilities for goods and services received by LAHC. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

25. Current / Non-Current Liabilities – Borrowings

Current - unsecured

State advances - Commonwealth loans	16,439	14,838
TCorp loans	11,879	23,941
Housing Australia loans	14,022	22,591
Other loans	413	438
Lease liabilities (note 22)	25,195	31,502
Total current interest bearing liabilities	67,948	93,310

Non-current - unsecured

State advances - Commonwealth loans	250,224	266,663
TCorp loans	170,307	129,947
Housing Australia loans	7,349	17,842
Other loans	1,607	2,019
Lease liabilities (note 22)	19,039	33,558
Total non-current interest bearing liabilities	448,526	450,029

Total interest bearing liabilities (i)

516,474	543,339
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(i) The nominal value of borrowings is reconciled to the balance reported in the Statement of Financial Position as follows:

Nominal value of borrowings	667,684	710,797
Remeasurement adjustment	(151,210)	(167,458)
Balance reported in Statement of Financial Position	516,474	543,339

NSW Land and Housing Corporation
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25. Current / Non-Current Liabilities – Borrowings (continued)

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

	Principal \$'000	Interest \$'000	Total \$'000
2025			
Not later than one year	84,170	22,925	107,095
Later than one year but no later than five years	264,288	72,262	336,550
Later than five years	319,226	65,250	384,476
Total cash outflow	667,684	160,437	828,121
2024			
Not later than one year	110,481	24,146	134,627
Later than one year but no later than five years	227,895	77,464	305,359
Later than five years	372,421	80,242	452,663
Total cash outflow	710,797	181,852	892,649

Details regarding liquidity risk, including a maturity analysis of the above borrowings are disclosed in note 33.

Recognition and Measurement

Borrowings represent interest bearing liabilities raised through NSW Treasury Corporation, State advances, lease liabilities, and other interest bearing liabilities.

Financial liabilities at amortised cost

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from debt restructuring are recognised in the net result when the liabilities are derecognised as well as through the amortisation process.

(iii) Changes in liabilities arising from financing activities:

	State advances - Commonwealth loans	TCorp loans*	Housing Australia loans**	Other loans	Leases	Total liabilities from financing activities
1 July 2024	281,501	153,888	40,433	2,457	65,060	543,339
Cash Flows	(30,058)	27,650	(19,713)	(437)	(40,585)	(63,143)
Amortisation of Premium	15,220	648	-	-	-	15,868
Non-cash	-	-	651	-	19,759	20,410
30 June 2025	266,663	182,186	21,371	2,020	44,234	516,474
	State advances - Commonwealth loans	TCorp loans	Housing Australia loans	Other loans	Leases	Total liabilities from financing activities
1 July 2023	296,726	150,237	33,127	2,906	48,723	531,719
Cash Flows	(30,739)	4,000	5,975	(449)	(38,368)	(59,581)
Amortisation of Premium/ (Discount)	15,514	(349)	-	-	-	15,165
Non-cash	-	-	1,331	-	54,705	56,036
30 June 2024	281,501	153,888	40,433	2,457	65,060	543,339

*In addition to existing \$159.5 million loan facility, the Treasurer provided approval under the GSF Act for TCorp to provide Regional Housing Debt (RHD) facility to LAHC of up to \$70 million to 30 June 2030. As at 30 June 2025, LAHC has drawn down \$31.7 million from the RHD facility. Under the terms of the facility, DCJ is responsible for recognition and payment of the interest costs.

**Pursuant to the GSF Act, the Treasurer provided approval for LAHC to enter into a financial arrangement (borrowings) with Housing Australia. LAHC can access up to \$250 million of loans and grants to fast-track housing enabling infrastructure allowing projects to be delivered earlier than planned.

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26. Current Liabilities – Provisions

	2025	2024
	\$'000	\$'000
Third party claims	2,629	3,637
Total current provisions	2,629	3,637

This provision is an estimate of LAHC's liability in respect of current insurance and legal claims. 2024 provision includes LAHC's obligation associated with Centralised Gas Hot Water Scheme (CGHWS).

The movement in current provisions for third party claims is as follows:

Carrying amount at beginning of year	3,637	5,761
Amounts used	(616)	(1,456)
Unused amounts reversed	(392)	(1,200)
Additional provisions recognised	-	532
Balance at end of year	2,629	3,637

Recognition and Measurement

A provision is recognised if, as a result of a past event, LAHC has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources 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 the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

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27. Current Liabilities – Contract Liabilities

	2025	2024
	\$'000	\$'000
Current		
Sales revenue received in advance	1	2
Other creditors - credit balances in sundry debtors	497	436
Total current contract liabilities	498	438
Total contract liabilities	498	438
Contract receivables (included in note 16)	10,909	5,694

Recognition and Measurement

Contract liabilities relate to sales consideration received in advance from customers. The balance of contract liabilities at 30 June 2025 was impacted by the timing of settlements.

Revenue recognised that was included in the contract liability balance at the beginning of the year	1	1,137
Revenue recognised from performance obligations satisfied in previous periods	-	1,137
Transaction price allocated to the remaining performance obligations from contracts with customers	498	438

Transaction price allocated to the remaining performance obligations relates to revenue on sales not yet settled. It is expected to be recognised as revenue in the 2025-26 financial year.

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28. Equity

Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with LAHC's policy on the revaluation of property, plant and equipment as discussed in note 20.

Accumulated funds

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

Decrease in Net Assets from Equity Transfers

In accordance with a vesting order, ownership of 1,210 properties were transferred to the Aboriginal Housing Office (AHO) on the 11th of November 2024 (2024: 1,642 properties and 2023: 505 properties). This is the fourth and final tranche of 3,357 social housing dwellings in total, initially valued at approximately \$1.4 billion, to be progressively transferred over three years.

Net assets transferred during the year comprised of:

	2025	2024
	\$'000	\$'000
Land and buildings	615,644	1,153,574
Cash and cash equivalents	(950)	(1,423)
Rent received in advance	336	678
Pro-rata rates and charges	628	769
PEXA title transfer fees recovered	(14)	(24)
Decrease in net assets from equity transfer	615,644	1,153,574

Equity transfers - Recognition and Measurement

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/ functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, 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 at amortised cost by the transferor 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, LAHC does not recognise that asset.

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29. Millers Point Restricted Funds Bank Account

	2025	2024
	\$'000	\$'000
Statement of Cash Receipts and Payments		
Receipts		
Interest	-	29
Total receipts	-	29
Payments		
Accommodation plan and reinvestment expenditures (i)	-	3,229
Total payments	-	3,229
Movement for the year (ii)	-	(3,200)
Opening balance of bank account	-	3,200
Movement for the year	-	(3,200)
Closing balance of bank account (note 15 (i))	-	-

A dedicated bank account was established to hold funds associated with Millers Point sales and their reinvestments to the supply of over 1,900 new dwellings. The bank account was closed during the year as the funds have been fully expended.

- (i) Represents the costs incurred to bring Millers Point properties to sale (including infrastructure and titling, tenancy relocation and marketing costs) and the costs of new dwellings. Commitments to new dwellings were approved by the respective Minister as part of LAHC's annual budget process.
- (ii) Movement for the year reflects the overall movement of the Millers Point bank account.

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30. Commitments

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

	2025	2024
	\$'000	\$'000
(i) Capital commitments		
Aggregate capital project costs, contracted for at balance date and not provided for:		
Within one year	474,329	285,489
Later than 1 year but not later than 5 years	246,194	119,446
	720,523	404,935

(ii) Headleasing

LAHC as Lessee

Future minimum rentals payable under non-cancellable leases as at 30 June are as follows:

Within one year	5,344	10,254
Later than 1 year but not later than 5 years	305	4,981
	5,649	15,235

- (i) These commitments relate primarily to capital project costs attributable to LAHC properties which will be used in the provision of social housing accommodation. The costs are GST inclusive as they directly relate to an input taxed activity where GST cannot be claimed from the ATO. Capital commitments include large scale new supply construction contracts to build and revamp new social housing dwellings across New South Wales for \$263.3 million (2024: \$90.7 million).
- (ii) This represents rent expenditure of residential properties leased from the private market under a term of 12 months or less and leases not yet commenced but LAHC as a lessee has committed. The commitments are to supplement LAHC's housing stock which is sub-let to eligible tenants and as they relate to an input taxed activity, GST cannot be claimed from the ATO.

31. Contingent Assets and Contingent Liabilities

Contingent Assets

LAHC has contingent assets from outstanding claims, caveats or rights on assets which are subject to third party conditions and long term leases which LAHC has granted to third parties. Whilst the outcomes of these are uncertain and cannot be reliably measured at balance date, the net outstanding claims from private sector parties and property caveats have been estimated at \$5.8 million (2024: \$6.9 million) and the long term leases at \$26.8 million (2024: \$24.6 million).

Contingent Liabilities

LAHC has contingent liabilities of \$4.3 million (2024:\$2.4 million) related to potential litigation claims. 2024 contingent liabilities also include \$1.2 million for the delivery of future housing projects. As at the end of the year, LAHC is not aware of any other contingent liability that may materially affect its financial position.

32. Reconciliation of Cash Flows From Operating Activities to Net Result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2025 \$'000	2024 \$'000
Net cash used on operating activities	161,918	420,627
Other non-cash items	(8,151)	(5,673)
Net (loss)/gain on sale of assets (note 13(i),(iv))	(49,260)	38,960
Property transfer from Aboriginal Housing Office (note 20(ii))	-	61
Property transfer to Aboriginal Housing Office (note 11)	(322)	(990)
Property transfer to local councils (note 11)	-	(5,257)
Assets demolished (note 13(ii))	(27,221)	(19,219)
Assets written off and impaired (note 13(iii))	(781)	(2,187)
Depreciation and amortisation expense (note 10)	(622,469)	(610,357)
Remeasurement adjustment of borrowings	(16,248)	(12,836)
Allowance for impairment	(5,452)	(688)
Increase in receivables	12,109	14,668
Decrease in provisions	1,008	2,124
Decrease/(increase) in payables	27,811	(76,880)
(Increase)/decrease in contract liabilities	(60)	1,131
Decrease in current other assets	(3,684)	(1,672)
Net result	(530,802)	(258,188)

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33. Financial Instruments

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

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

The Executive has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. The Audit and Risk Committee provides independent advice and guidance to assist the Executive meeting its responsibility.

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

a) Financial Instrument categories

Class	Note	Category	Carrying Amount	
			2025 \$'000	2024 \$'000
Financial Assets				
Cash and cash equivalents	15	N/A	687,823	573,632
Current receivables ¹	16	Amortised cost	55,971	50,601
Other financial assets	17	Amortised cost	54,145	52,764
Financial Liabilities				
Payables ²	24	Financial liabilities measured at amortised cost	285,258	260,431
Borrowings	25	Financial liabilities measured at amortised cost	516,474	543,339

Notes

1. Excludes statutory receivables of \$5.7 million (2024: \$4.4 million), non-financial receivables of nil in 2025 (2024: \$4.7 million) and prepayments (not within the scope of AASB 7).

2. Excludes rent received in advance of \$50.9 million (2024: \$51.4 million) (not within the scope of AASB 7).

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

b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if LAHC transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- LAHC has transferred substantially all the risks and rewards of the asset; or
- LAHC has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

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

Financial liabilities are derecognised when the obligations specified in the contracts expire, are discharged or cancelled. Gains or losses are recognised in the net result when liabilities are derecognised through early repayment of debt.

33. Financial Instruments (continued)

c) Financial risks

(i) Credit Risk

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

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

Credit risk associated with LAHC's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. This is in accordance with LAHC's treasury management policy and NSW Treasury guidelines.

Cash

Cash comprises cash on hand and bank balances within NSW Treasury Banking System held with Westpac Banking Corporation. Interest earned is based on the Reserve Bank of Australia's prevailing cash rate.

Receivables - trade debtors

Accounting policy for impairment of trade debtors and other financial assets

Collectability of trade debtors is reviewed on an ongoing basis. Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, a failure to make contractual payments for a period of greater than 91 days past due.

LAHC applies the AASB 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics and the days past due. LAHC has established a provision matrix based on its historical credit loss experience, considering forward-looking factors specific to the receivables. LAHC is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2025 and 2024.

The loss allowance for trade debtors as at 30 June 2025 and 2024 was determined as follows:

	\$'000				
	<30 days	30-60 days	61-90 days	>91 days	Total
30 June 2025					
Expected credit loss rate	13%	28%	43%	96%	89%
Estimated total gross carrying amount at default ¹	2,058	705	569	28,948	32,280
Expected credit loss	261	199	243	27,883	28,586
30 June 2024					
Expected credit loss rate	10%	24%	38%	98%	88%
Estimated total gross carrying amount at default ¹	2,031	654	445	23,099	26,229
Expected credit loss	195	160	170	22,609	23,134

Notes

The analysis excludes statutory receivables, prepayments (as these are not within the scope of AASB 7) and receivables from other government entities as they are not subject to credit risk. Therefore, the 'total' will not reconcile to the receivables total in note 16.

1. The majority of the balance that was overdue more than 91 days relate to receivables from tenants who have ended their lease agreements with NSW Land and Housing Corporation ('former tenants').

33. Financial Instruments (continued)

(ii) Liquidity Risk

Liquidity risk is the risk that LAHC will be unable to meet its payment obligations when they fall due. 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 borrowings. No assets have been pledged as collateral. LAHC's exposure to liquidity risk has been managed in accordance with LAHC's Treasury Management Policy.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. LAHC is exempt from the requirement to pay registered small business suppliers within five days. LAHC has elected to participate in Faster Payment Terms Policy (issued by NSW Small Business Commissioner) which removes the requirement of interest on late payments to all suppliers.

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

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

33. Financial Instruments (continued)

Maturity analysis and interest rate exposure of financial liabilities

2025	Weighted Avg. 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 liabilities (i)								
Payables (ii) :								
	-	14,067	-	-	14,067	14,067	-	-
DCJ - personnel services	-	2,045	-	-	2,045	2,045	-	-
Trade creditors	-	117,696	-	-	117,696	117,696	-	-
Accrued operating expenditure	-	126,457	-	-	126,457	126,457	-	-
Accrued capital expenditure	-	24,993	-	-	24,993	24,993	-	-
Other	-							
Borrowings:								
Commonwealth loans	4.52	412,005	412,005	-	-	31,366	121,038	259,601
TCorp loans	3.69	187,052	187,052	-	-	11,879	116,024	59,149
Housing Australia loans	4.65	21,371	21,371	-	-	14,022	7,349	-
Other loans	4.73	2,020	2,020	-	-	413	1,131	476
Lease liabilities	4.16	45,236	45,236	-	-	26,490	18,746	-
Total financial liabilities			952,942	667,684	-	285,258	369,428	264,288
								319,226

Notes:

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which LAHC can be required to pay.

These amounts include both interest and principal cashflows and therefore will not reconcile to the amounts disclosed in the Statement of Financial Position.

(ii) Excludes statutory payables and rent received in advance (ie. not within the scope of AASB 7).

NSW Land and Housing Corporation
Notes to the financial statements
for the year ended 30 June 2025

33. Financial Instruments (continued)

Maturity analysis and interest rate exposure of financial liabilities

2024	Weighted Avg. 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 liabilities (i)								
Payables (ii) :								
	-	15,155	-	-	15,155	15,155	-	-
DCJ - personnel services	-	6,103	-	-	6,103	6,103	-	-
Trade creditors	-	57,504	-	-	57,504	57,504	-	-
Accrued operating expenditure	-	74,337	-	-	74,337	74,337	-	-
Accrued capital expenditure	-	107,332	-	-	107,332	107,332	-	-
Other	-							
Borrowings:								
Commonwealth loans	4.52	442,063	442,063	-	-	30,058	123,999	288,006
TCorp loans	3.84	157,959	157,959	-	-	23,941	50,308	83,710
Housing Australia loans	4.36	40,433	40,433	-	-	22,591	17,842	-
Other loans	4.71	2,457	2,457	-	-	437	1,315	705
Lease liabilities	3.35	67,885	67,885	-	-	33,454	34,431	-
Total financial liabilities		971,228	710,797	-	260,431	370,912	227,895	372,421

Notes:

(i) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which LAHC can be required to pay. These amounts include both interest and principal cashflows and therefore will not reconcile to the amounts disclosed in the Statement of Financial Position.

(ii) Excludes statutory payables and rent received in advance (ie. not within the scope of AASB 7).

33. Financial Instruments (continued)

(iii) Market Risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. LAHC's exposures to market risk are primarily through interest rate risk on borrowings. LAHC has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on net result and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which 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.

(iv) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure to interest rate risk arises primarily through LAHC's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW Treasury Corporation. LAHC does not account for any fixed rate financial instruments at fair value through profit or loss or at fair value through other comprehensive income. Therefore, for these financial instruments, a change in interest rates would not affect the carrying value or interest paid/earned.

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 following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	\$'000			
	+1%		-1%	
	Net Result	Equity	Net Result	Equity
2025				
Financial assets				
Cash and cash equivalents	6,878	6,878	(6,878)	(6,878)
Financial liabilities				
<i>Financial liabilities measured at amortised cost :</i>				
Current borrowings - TCorp loans	(119)	(119)	119	119
2024				
Financial assets				
Cash and cash equivalents	5,736	5,736	(5,736)	(5,736)
Financial liabilities				
<i>Financial liabilities measured at amortised cost :</i>				
Current borrowings - TCorp loans	(239)	(239)	239	239

33. Financial Instruments (continued)

d) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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 maturities of many of the financial instruments. The following table details the financial instruments where the fair value differs from the carrying amount.

	Net Carrying Amount		Fair Value*	
	2025 \$'000	2024 \$'000	2025 \$'000	2024 \$'000
Financial liabilities				
TCorp loans	182,186	153,888	178,381	144,329

*Fair value amount for FY 2025 includes \$28.1 million of Regional Housing Debt (RHD) drawdown during the year.

34. Related Party Disclosures

a) Key Management Personnel (KMP)

During the year, LAHC incurred the following expenditures in respect of KMP services that were provided by a separate management entity, i.e. DCJ. These expenditures are included in note 8.

	2025 \$'000	2024 \$'000
Short-term employee benefits	563	488
Other long-term employee benefits	-	51
Post-employment benefits	62	28
Total remuneration	625	567

LAHC did not enter into transactions with its KMP, their close family members and controlled or jointly controlled entities thereof.

34. Related Party Disclosures (continued)

b) Other related party transactions

LAHC is a controlled entity of the NSW Government. Refer to Note 1a) for further information on the nature of LAHC's relationship with the NSW Government.

During the year, LAHC entered into transactions with other entities that are controlled/ jointly controlled/ significantly influenced by the NSW Government. Material transactions include:

- Tenancy management services and corporate support services provided by DCJ under a Service Partnership Agreement.
- Personnel services provided by DCJ for employees principally involved in providing support to LAHC.
- Grants received from DCJ, DCCEEW and NSW Treasury.
- Management fees revenue from AHO for the acquisition and management of its social housing assets.
- Development services provided by Landcom (a NSW State Owned Corporation) on LAHC's urban transformation projects such as Airds Bradbury, Bonnyrigg and Claymore. These projects utilise land owned by LAHC to supply social housing.
- Transfer of properties to AHO to support its operational objectives.
- Transfer of properties to DCJ under the Ministerial vesting orders to support the *Building Homes for NSW* Program. Under the program, 956 assets were vested to the Minister administering the *Housing Act 2001* on and effective 9 and 16 June 2025 for consideration of \$796.6 million.
- Annual valuation services provided by DPHI (Valuer General).
- Financial services provided by NSW Treasury (Crown Entity) and TCorp to finance and manage LAHC's liabilities.
- Payments to Sydney Water (a NSW State Owned Corporation) as one of LAHC's main utility providers for water expenses.

35. Events after the Reporting Period

LAHC is not aware of any events that have occurred after the reporting date that would have a material impact on the financial statements.

----- **END OF AUDITED FINANCIAL STATEMENTS** -----

NSW Land and Housing Corporation
Register of Land Held
for the year ended 30 June 2025

	2025	2024
	\$'000	\$'000
Residential properties	36,245,750	35,217,391
Land for redevelopment	853,629	944,668
Vacant land	54,546	49,016
Land under roads	5,247	4,667
Commercial properties	47,744	45,797
Community purpose built properties	152,861	145,651
Assets held for sale		
Residential properties	-	1,562
Total	37,359,777	36,408,752

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

4 Aboriginal Housing Office

Financial statements for the year ended 30 June 2025



INDEPENDENT AUDITOR'S REPORT

Aboriginal Housing Office

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Aboriginal Housing Office (the Office), which comprise the Statement by the Chief Executive, the Consolidated Statement of Comprehensive Income for the year ended 30 June 2025, the Consolidated Statement of Financial Position as at 30 June 2025, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information and other explanatory information of the Office and the consolidated entity. The consolidated entity comprises the Office and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the financial position, financial performance and cash flows of the Office and the consolidated entity.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Office and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Chief Executive's Responsibilities for the Financial Statements

The Chief Executive is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the GSF Act, GSF Regulation and Treasurer's Directions. The Chief Executive's responsibility also includes such internal control as the Chief Executive determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the ability of the Office and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/media/apzlwn0y/ar3_2024.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Office and the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Manuel Moncada
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

29 September 2025
SYDNEY

ABORIGINAL HOUSING OFFICE

STATEMENT BY THE CHIEF EXECUTIVE

For and on behalf of the ABORIGINAL HOUSING OFFICE

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018*, I state that in my opinion:

1. the accompanying consolidated financial statements and notes hereto present fairly the financial position of the reporting entity (AHO), being the Aboriginal Housing Office and its controlled entity as at 30 June 2025 and its financial performance and cash flows for the year then ended; and
2. the accompanying consolidated financial statements and notes thereto have been prepared in accordance with the Australian Accounting Standards (which include Australian Accounting Interpretations) and the requirements of the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2024* and Directions issued by the Treasurer; and
3. the accompanying consolidated financial statements and notes thereto have been prepared in accordance with *Treasurer's Direction TD23-24 SDA account financial reports*, and presents fairly AHO's Special Deposit Account's (SDA) financial position, financial performance and cash flows.



Famey Williams
Chief Executive
Aboriginal Housing Office

25 September 2025

Aboriginal Housing Office

Consolidated Statement of Comprehensive Income for the year ended 30 June 2025

	Notes	PARENT			CONSOLIDATED		
		Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000	Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000
Expenses excluding losses							
Personnel services	2(a)	25,596	28,114	19,026	25,596	28,114	19,026
Operating expenses	2(b)	97,161	89,858	73,100	97,824	89,858	73,574
Depreciation	2(c)	41,856	39,926	31,531	41,944	39,926	31,626
Grants and subsidies	2(d)	60,731	79,179	37,318	60,731	79,179	37,318
Finance costs	2(e)	11	-	9	11	-	9
Total expenses excluding losses		225,355	237,077	160,984	226,106	237,077	161,553
Revenue							
Rent and other tenant charges	3(a)	98,631	84,650	61,777	98,631	84,650	61,777
Grants and contributions	3(b)	221,632	238,377	167,973	221,632	238,377	167,973
Other income	3(c)	15,618	12,716	9,240	15,618	12,716	9,240
Total revenue		335,881	335,743	238,990	335,881	335,743	238,990
Losses on disposal and write-offs	4	(9,308)	(7,268)	(800)	(9,308)	(7,268)	(800)
Impairment losses on financial assets	5	(1,872)	(967)	(266)	(1,872)	(967)	(266)
Net result		99,346	90,431	76,940	98,595	90,431	76,371
Other comprehensive income							
<i>Items that will not be reclassified to net result in subsequent periods</i>							
Changes in revaluation surplus of property, plant and equipment	8	352,475	65,883	129,294	353,060	65,883	127,834
Total other comprehensive income		352,475	65,883	129,294	353,060	65,883	127,834
TOTAL COMPREHENSIVE INCOME		451,821	156,314	206,234	451,655	156,314	204,205

The accompanying notes form part of these financial statements, and variations to budget are disclosed in Note 17.

Aboriginal Housing Office

Consolidated Statement of Financial Position as at 30 June 2025

	Notes	PARENT			CONSOLIDATED		
		Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000	Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000
ASSETS							
Current Assets							
Cash and cash equivalents	6	33,587	36,769	15,349	33,587	36,769	15,349
Receivables	7	18,988	9,858	20,419	15,792	9,858	17,886
Total Current Assets		52,575	46,627	35,768	49,379	46,627	33,235
Non-Current Assets							
Property, plant and equipment							
Land and buildings	8	5,587,969	4,963,898	4,542,683	5,594,337	4,963,898	4,548,554
Plant and equipment	8	726	1,108	683	726	1,108	683
Capital work in progress	8	86,576	64,888	77,134	86,576	64,888	77,134
Leasehold improvements	8	-	-	43	-	-	43
Total property, plant and equipment		5,675,271	5,029,894	4,620,543	5,681,639	5,029,894	4,626,414
Right of use assets	9(a)	311	228	256	311	228	256
Total Non-Current Assets		5,675,582	5,030,122	4,620,799	5,681,950	5,030,122	4,626,670
Total Assets		5,728,157	5,076,749	4,656,567	5,731,329	5,076,749	4,659,905
LIABILITIES							
Current Liabilities							
Payables	11	32,553	39,713	28,447	31,553	39,713	27,447
Borrowings	9(b)	108	63	104	108	63	104
Total Current Liabilities		32,661	39,776	28,551	31,661	39,776	27,551
Non-Current Liabilities							
Borrowings	9(b)	177	171	162	177	171	162
Provisions	12	213	213	213	213	213	213
Total Non-Current Liabilities		390	384	375	390	384	375
Total Liabilities		33,051	40,160	28,926	32,051	40,160	27,926
Net Assets		5,695,106	5,036,589	4,627,641	5,699,278	5,036,589	4,631,979
EQUITY							
Asset Revaluation Reserve	1(e)(i)	2,212,287	1,958,262	1,868,717	2,218,935	1,958,262	1,874,780
Accumulated funds	1(e)(ii)	3,482,819	3,078,327	2,758,924	3,480,343	3,078,327	2,757,199
Total Equity		5,695,106	5,036,589	4,627,641	5,699,278	5,036,589	4,631,979

The accompanying notes form part of these financial statements, and variations to budget are disclosed in Note 17.

Aboriginal Housing Office

Consolidated Statement of Changes in Equity for the year ended 30 June 2025

2025 PARENT	Notes	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance as at 1 July 2024		2,758,924	1,868,717	4,627,641
Net result for the year		99,346	-	99,346
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	8	-	352,475	352,475
Total other comprehensive income		-	352,475	352,475
Total comprehensive income for the year		99,346	352,475	451,821
Transaction with owners in their capacity as owners				
Increase in net assets from equity transfers	8	615,644	-	615,644
Transfer between equity items				
Transfer arising from disposals of property, plant and equipment		8,905	(8,905)	-
Balance at 30 June 2025		3,482,819	2,212,287	5,695,106

2025 CONSOLIDATED	Notes	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance as at 1 July 2024		2,757,199	1,874,780	4,631,979
Net result for the year		98,595	-	98,595
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	8	-	353,060	353,060
Total other comprehensive income		-	353,060	353,060
Total comprehensive income for the year		98,595	353,060	451,655
Transaction with owners in their capacity as owners				
Increase in net assets from equity transfers	8	615,644	-	615,644
Transfer between equity items				
Transfer arising from disposals of property, plant and equipment		8,905	(8,905)	-
Balance at 30 June 2025		3,480,343	2,218,935	5,699,278

Aboriginal Housing Office

Consolidated Statement of Changes in Equity for the year ended 30 June 2025

2024 PARENT	Notes	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance as at 1 July 2023		1,528,953	1,738,880	3,267,833
Net result for the year		76,940	-	76,940
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	8	-	129,294	129,294
Total other comprehensive income		-	129,294	129,294
Total comprehensive income for the year		76,940	129,294	206,234
Transaction with owners in their capacity as owners				
Increase in net assets from equity transfers	8	1,153,574	-	1,153,574
Transfer between equity items				
Transfer arising from disposals of property, plant and equipment		(543)	543	-
Balance at 30 June 2024		2,758,924	1,868,717	4,627,641

2024 CONSOLIDATED	Notes	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total \$'000
Balance as at 1 July 2023		1,527,797	1,746,403	3,274,200
Net result for the year		76,371	-	76,371
Other comprehensive income:				
Net change in revaluation surplus of property, plant and equipment	8	-	127,834	127,834
Total other comprehensive income		-	127,834	127,834
Total comprehensive income for the year		76,371	127,834	204,205
Transaction with owners in their capacity as owners				
Increase in net assets from equity transfers	8	1,153,574	-	1,153,574
Transfer between equity items				
Transfer arising from disposals of property, plant and equipment		(543)	543	-
Balance at 30 June 2024		2,757,199	1,874,780	4,631,979

The accompanying notes form part of these financial statements.

Aboriginal Housing Office

Consolidated Statement of Cash Flows for the year ended 30 June 2025

	Notes	PARENT			CONSOLIDATED		
		Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000	Actual 2025 \$'000	Budget 2025 \$'000	Actual 2024 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Personnel services		(35,782)	(28,114)	(18,549)	(35,782)	(28,114)	(18,549)
Suppliers for goods and services		(83,733)	(89,888)	(78,691)	(83,733)	(89,888)	(78,691)
Grants and subsidies		(60,731)	(79,179)	(37,257)	(60,731)	(79,179)	(37,257)
Total payments		(180,246)	(197,181)	(134,497)	(180,246)	(197,181)	(134,497)
Receipts							
Rent and other tenant charges		97,617	84,650	52,817	97,617	84,650	52,817
Grants and contributions		223,578	238,377	164,140	223,578	238,377	164,140
Insurance income		12,489	8,876	6,291	12,489	8,876	6,291
Other income		2,731	569	2,804	2,731	569	2,804
Total receipts		336,415	332,472	226,052	336,415	332,472	226,052
NET CASH FLOWS FROM OPERATING ACTIVITIES	15	156,169	135,291	91,555	156,169	135,291	91,555
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of property, plant and equipment, net of disposal costs		4,366	3,318	2,183	4,366	3,318	2,183
Purchases of property, plant and equipment		(142,169)	(141,078)	(107,144)	(142,169)	(141,078)	(107,144)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(137,803)	(137,760)	(104,961)	(137,803)	(137,760)	(104,961)
CASH FLOWS FROM FINANCING ACTIVITIES							
Payment of principal portion of lease liabilities	9(b)	(128)	-	(113)	(128)	-	(113)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(128)	-	(113)	(128)	-	(113)
NET INCREASE IN CASH AND CASH EQUIVALENTS		18,238	(2,469)	(13,519)	18,238	(2,469)	(13,519)
Opening cash and cash equivalents		15,349	39,238	28,868	15,349	39,238	28,868
CLOSING CASH AND CASH EQUIVALENTS	6	33,587	36,769	15,349	33,587	36,769	15,349

The accompanying notes form part of these financial statements, and variations to budgets are disclosed in Note 17.

1. Statement of material accounting policy information

(a) The Reporting Entity

The Aboriginal Housing Office (AHO) is a statutory authority established in 1998 pursuant to the *Aboriginal Housing Act 1998*. AHO as a reporting entity, comprises the parent entity and the controlled entity, the Dughutti Aboriginal Elders Tribal Council Trust (Trust). In the process of preparing the consolidated financial statements for the economic entity consisting of AHO and the Trust, all inter-entity transactions and balances have been eliminated and like transactions and other events are accounted for using uniform accounting policies.

AHO is responsible for planning and administering the policies, programs and asset base for Aboriginal public housing in New South Wales. This includes resource allocation, sector wide policy, strategic planning and monitoring outcomes and performance in the Aboriginal public housing sector.

AHO is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. AHO is a not-for-profit entity for financial reporting purposes (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

AHO is within the cluster of the Department of Communities and Justice (DCJ), under the Homes NSW division. AHO is not a controlled entity.

The consolidated financial statements for the year ended 30 June 2025 have been authorised for issue by the Chief Executive on 25 September 2025.

(b) Basis of Preparation

AHO's consolidated financial statements are general purpose financial statements, which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of *Government Sector Finance Act 2018* (GSF Act); and
- Treasurer's Directions issued under the Act.

Property, plant and equipment are measured using the fair value basis. Other financial statement items are prepared under the historical cost convention except where specified otherwise.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is AHO's presentation and functional currency.

(c) Statement of compliance

The consolidated financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

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

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

- the amount of GST incurred by AHO 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 and
- receivables and payables are stated with the amount of GST included.

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

1. Statement of material accounting policy information (continued)

(e) Equity and reserves

(i) Asset revaluation reserve

The revaluation reserve is used to record increments and decrements on the revaluation of property, plant and equipment. This accords with AHO's policy on the revaluation of property, plant and equipment as discussed in Note 8.

(ii) Accumulated funds

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

(f) Equity transfer

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the fair value of the assets and liabilities to the transferee entity.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible asset has been recognised at (amortised) cost by the transferor because there is no active market, AHO recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, AHO does not recognise that asset.

(g) Comparative information

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

(h) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2024-2025

The AHO applied the following amendments for the first time:

- *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

For assets of not-for-profit public sector entities that are not held primarily for their ability to generate net cash inflows, AASB 2022-10 introduces the following Australian specific amendments:

- Current use is highest and best use, unless the asset is classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations or it is highly probable the asset will be used for an alternative purpose to its current use (AASB13.Aus29.1 and Aus29.2).
- The 'financially feasible' criteria is met if market participants would invest in the asset's service capacity (AASB13.Aus28.1).

The AHO has reviewed the amendment and concludes that its highest and best use of its non-financial assets i.e. properties as social housing remain unchanged as its properties are not classified as held for sale nor are they used for an alternative purpose.

1. Statement of material accounting policy information (continued)

(h) Changes in accounting policy, including new or revised Australian Accounting Standards (continued)

(i) Effective for the first time in 2024-2025

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2022-06 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*

The amendments require entities to assess the following conditions prior to classifying a liability as current:

- Whether the entity has a right to defer the settlement of the liability for at least twelve months after the reporting period (AASB 2020-1)
- Whether there is any covenant that needs to be complied with, that could affect the rights to defer settlement of the liability at reporting date (AASB 2022-06)

The AHO has reviewed the above amendments and concludes that it does not have liabilities for which there are rights to defer nor are there covenants that needs to be complied with.

Several other amendments are interpretations applied for the first time in 2024-25, but do not have an impact on the consolidated financial statements of AHO.

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

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

- *AASB 17 Insurance Contracts*
- *AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*
- *AASB 2024-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*
- *AASB 2025-2 Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments: Tier 2 Disclosures*
- *AASB 18 Presentation and Disclosure in Financial Statements [for not-for-profit and superannuation entities]*

AHO's assessment of the impact of these new standards and interpretations is that they will not materially affect any of the amounts recognised in the consolidated financial statements or significantly impact the disclosures in relation to AHO upon adoption.

(i) Changes in accounting estimates

There have been no material changes in accounting estimates during the year.

2. Expenses excluding losses

(a) *Personnel services*

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Salaries and wages (including annual leave)	20,653	15,638	20,653	15,638
Superannuation - defined contribution plans	2,167	1,497	2,167	1,497
Long service leave	771	224	771	224
Workers' compensation insurance	610	601	610	601
Payroll tax and fringe benefit tax	1,319	1,003	1,319	1,003
Other	76	63	76	63
Fee for personnel services	25,596	19,026	25,596	19,026

Personnel services expenses has increased from prior year as a result of the 3.5% wages increment agreement between the Government and the Public Service Association (PSA). Prior year's vacant positions were also filled in the current year, resulting in an increase during the year.

Recognition and measurement

Personnel services and payable for personnel services

AHO does not have any employees. Personnel services to AHO are provided and charged by DCJ. DCJ also assume the Annual Leave, Long Service Leave and superannuation provisions of employees providing Personnel services to AHO. These charges include:

(i) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. AHO has assessed based on AHO's circumstances and has determined that the effect of discounting is immaterial to annual leave.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Superannuation on annual leave loading

The AHO has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. That decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

2. Expenses excluding losses (continued)

(a) Personnel services (continued)

(iii) Long service leave and superannuation

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using Commonwealth government bond rate of 4.16% (2024: 4.31%) at the reporting date.

- Defined contribution superannuation schemes

AHO contributes to the First State Superannuation Scheme, a defined contribution scheme in the NSW public sector, as well as other private schemes to a lesser extent. Contributions to these schemes are recognised as an expense in net result as incurred. The liability recognised at the reporting date represents the contributions to be paid to these schemes in the following month.

(iv) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers compensation insurance premiums and fringe benefits tax.

2. Expenses excluding losses (continued)

(b) Operating expenses

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Building maintenance and utilities expense	51,942	32,156	52,201	32,348
Contractors and professional fees	16,029	16,049	16,421	16,318
Fee for services rendered ⁽ⁱ⁾	13,352	9,370	13,352	9,370
Insurance	6,547	5,725	6,547	5,725
Business services fee ⁽ⁱⁱ⁾	2,877	3,921	2,877	3,921
Product for clients	2,026	1,950	2,026	1,950
Travelling, removal and subsistence	1,318	1,329	1,320	1,330
Training and development expense	777	707	777	707
Data processing services	562	500	562	500
Advertising and promotions	321	251	321	251
Auditor's remuneration - audit of the financial report	94	101	103	110
Rent and accommodation expense	64	57	64	59
Motor vehicle expenses	97	108	97	108
Other	1,155	876	1,156	877
	<u>97,161</u>	<u>73,100</u>	<u>97,824</u>	<u>73,574</u>

⁽ⁱ⁾ This mainly relates to expenses charged to AHO by DCJ for tenancy management services, as well as by Housing Portfolio (formerly LAHC) for contract administration, professional and technical advice, repairs and maintenance and related reporting services. Refer to Note 19(b) for further details.

⁽ⁱⁱ⁾ This mainly relates to expenses charged to AHO by DCJ of \$2.9m (2024: \$3.9m). Refer to Note 19(b) for further details.

Recognition and Measurement

Maintenance expense

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

Insurance

AHO's insurance activities relating to its operations and property portfolio are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. AHO is self-insured against property and liability damage (fire damage, vehicle impact and tempest) less than \$250,000 in aggregate on its property portfolio.

2. Expenses excluding losses (continued)

(b) Operating expenses (continued)

Recognition and Measurement (continued)

Lease expense

AHO recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e. where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

(c) Depreciation

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	41,455	31,111	41,543	31,206
Right-of-use assets	119	108	119	108
Leasehold improvements	43	86	43	86
Plant and equipment	239	226	239	226
	41,856	31,531	41,944	31,626

Refer to Note 8(v) for recognition and measurement policies on depreciation and amortisation.

(d) Grants and subsidies

The AHO provides funds towards the repair and maintenance of Aboriginal community housing and the support of the Aboriginal Community through various programs.

The expenditure below relates to recurrent expenditure provided during the year:

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Stimulus Program - Grant payment for Aboriginal Community Upgrades	-	5,081	-	5,081
Strong Family, Strong Communities Phase 2 program	10,036	10,486	10,036	10,486
Closing the Gap Housing Solutions	5,030	8,604	5,030	8,604
Flood Recovery	16,144	6,637	16,144	6,637
Social Housing Accelerator Fund Program	15,569	6,027	15,569	6,027
Social Housing Energy Performance Initiative	5,893	-	5,893	-
Remote Housing Maintenance Program	1,841	-	1,841	-
Asset transfer to Housing Portfolio (Non-cash)	-	61	-	61
Other grants	6,218	422	6,218	422
	60,731	37,318	60,731	37,318

2. Expenses excluding losses (continued)

(e) Finance costs

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Interest expense from lease liabilities	11	9	11	9
	<u>11</u>	<u>9</u>	<u>11</u>	<u>9</u>

Recognition and Measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW General Government Sector entities.

3. Revenue

Recognition and Measurement

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

(a) Rent and other tenant charges

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Market rental	136,093	81,993	136,093	81,993
Rental rebates	(41,658)	(23,287)	(41,658)	(23,287)
	<u>94,435</u>	<u>58,706</u>	<u>94,435</u>	<u>58,706</u>
Tenant charges	4,196	3,071	4,196	3,071
	<u>98,631</u>	<u>61,777</u>	<u>98,631</u>	<u>61,777</u>

Recognition and Measurement

Rent is charged one week in advance and recognised as revenue on an accrual basis, on a straight-line basis over the lease term.

AHO charges rent for tenants, subject to individual limitations. Tenants, however, are only charged an amount equivalent to a pre-determined percentage of their household income. The difference between the market rent and the amount tenants are charged is referred to as a rental rebate. Estimated market rent and other tenant related charges, net of estimated rental rebates, are recognised and reported in the Statement of Comprehensive Income as Rent and other tenant charges.

3. Revenue (continued)

(b) Grants and contributions

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Grants without sufficiently specific performance obligations				
State Social Housing	5,408	4,832	5,408	4,832
National Housing and Homelessness Agreement (NHHA)	31,849	32,160	31,849	32,160
Economic Recovery Grant	-	12,000	-	12,000
Closing the Gap Housing Solutions Grant	67,248	58,205	67,248	58,205
Strong Family, Strong Communities	16,335	18,526	16,335	18,526
Social Housing Accelerator Fund	39,100	14,000	39,100	14,000
Flood Recovery Grant	21,784	9,267	21,784	9,267
Services Our Way	10,608	7,267	10,608	7,267
Remote Housing Maintenance Program	14,541	-	14,541	-
Grants from Department of Planning, Housing & Infrastructure (DPHI)	1,963	-	1,963	-
Other Grants	5,525	9,876	5,525	9,876
Asset Transfer from Housing Portfolio (Non-cash)	322	990	322	990
Grants with sufficiently specific performance obligations				
Grants from Department of Climate Change, Energy, the Environment and Water (DCCEEW)	6,280	700	6,280	700
Disaster Ready Fund	669	150	669	150
	221,632	167,973	221,632	167,973

Grants are received through NSW Treasury from the Commonwealth Government under the National Agreement on Social Housing and Homelessness (NASHH). Additional contribution is also received from the State Government under State Social Housing. These funds are used mainly for New Supply and Capital Upgrades of AHO homes.

As part of the Budget 2024 Housing Package, the Closing the Gap Housing Solutions and Strong Family, Strong Communities Phase 2 programs were approved for the AHO. In 2024/25, a total funding of \$83.6m was received from DCJ (2024: \$76.7m).

As part of the Federal Government's Social Housing Accelerator initiative announced in June 2023, the AHO's Social Housing Accelerator Fund (SHAF) program was approved. In 2024/25, a total funding of \$39.1m was received from DCJ (2023/24: \$14.0m).

A Flood Recovery grant of \$21.8m (2023/24: \$9.4m) was recognised during the year as part of the NSW Severe Weather & Flooding 22 February 2022 package to provide additional support to severely affected communities.

As part of the NSW Budget 2024/25, a Remote Housing Maintenance Program was approved for the AHO from 2024/25 to 2030/31, with a grant of \$14.5m recognised during the year.

Grants from DPHI of \$2.0m (2023/24: \$nil) was recognised during the year as part of a MoU for the Redfern-Waterloo Authority Affordable Housing Contributions Plan.

As part of the NSW Treasury's annual cash buffer adjustment process, the AHO received \$5.5m (2024: \$9.7m) of grant from DCJ, and this is disclosed within Other Grants.

As part of the co-funded Social Housing Energy Performance Initiative (SHEPI) program, the AHO received \$6.3m (2023/24: \$0.7m) from the Commonwealth, through DCCEEW.

3. Revenue (continued)

(b) Grants and contributions (continued)

Recognition and Measurement

Income from grants to acquire/construct a recognisable non-financial asset to be controlled by AHO is recognised when AHO satisfies its obligations under the transfer. AHO satisfies the performance obligations under the transfer to construct assets over time as the non-financial assets are being constructed. The percentage of cost incurred is used to recognise income, because this most closely reflects the progress to completion.

Revenue from grants with sufficiently specific performance obligations is recognised when AHO satisfies a performance obligation by transferring the promised goods. Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as funding payments are usually received in advance or shortly after the relevant obligation is satisfied. Income from grants without sufficiently specific performance obligations is recognised when AHO obtains control over the granted assets (e.g. cash).

(c) Other income

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Insurance Recoveries	12,489	6,291	12,489	6,291
Small-Scale Technological Certificates Revenue & Energy Rebates	2,158	-	2,245	-
Assets recognised for the first time	670	-	670	-
Other Income	301	2,949	214	2,949
	15,618	9,240	15,618	9,240

AHO received \$12.5m (2024: \$6.3m) of insurance income during the year for properties lost through fire or structural damage. As part of the SHEPI program, \$2.2m of energy rebates revenue was also received in the current financial year in relation to solar and aircon upgrades on AHO owned properties.

Recognition and Measurement

Insurance income is recorded upon finalisation of claims and the receipt of cash from the insurance company.

Energy rebates are recorded upon completion of a rebates claim to the Commonwealth Government when the energy upgrades are completed and the receipt of cash from an aggregator company,

4. Losses on disposal and write-offs

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Proceeds from disposal	4,366	2,210	4,366	2,210
Disposal costs	-	(27)	-	(27)
Carrying amount of assets disposed - Note 8	(4,373)	(2,361)	(4,373)	(2,361)
Net Loss on disposal of property	(7)	(178)	(7)	(178)

In the current year, there was no asset that was transferred to the Aboriginal Community Housing Providers (ACHPs) (2024: \$0.4m) as part of the Housing Aboriginal Communities Program.

Loss on transfers/demolitions and retirements

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Written down value of assets demolished - Note 8	(9,281)	(622)	(9,281)	(622)
Written down value of assets written-off - Note 8	-	-	-	-
Project costs written off	(20)	-	(20)	-
	(9,301)	(622)	(9,301)	(622)
	(9,308)	(800)	(9,308)	(800)

Recognition and Measurement

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by AHO from time-to-time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in Note 8.

5. Impairment loss on financial assets

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
(Increase in)/Reversal of allowance for impairment of receivables - refer Note 7	(1,872)	(266)	(1,872)	(266)
	(1,872)	(266)	(1,872)	(266)

6. Current assets – cash and cash equivalents

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	33,587	15,349	33,587	15,349
	33,587	15,349	33,587	15,349

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and cash at bank. There is an amount of \$0.2m for 2025 (2024: \$0.2m) which relates to restricted cash held for purchase of replacement properties for the ACHPs.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of financial year to the statement of cash flows as follows:

Cash and cash equivalents (as per Statement of Financial Position)	33,587	15,349	33,587	15,349
Closing cash and cash equivalents (as per Statement of Cash Flows)	33,587	15,349	33,587	15,349

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

7. Current assets – receivables

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Rental debtors	6,032	4,471	6,032	4,470
Sundry debtors	8	238	8	238
Receivables from Trust	3,196	2,532	-	-
Receivables from NSW Reconstruction Authority	7,020	5,462	7,020	5,462
Receivables from DCJ	31	2,158	31	2,158
Receivables from Housing Portfolio	3,911	6,604	3,911	6,604
Receivables from Department of Climate Change, Energy, the Environment and Water (DCCEEW)	-	700	-	700
Other Receivables	600	268	600	268
Allowance for expected credit losses*	(3,505)	(2,771)	(3,505)	(2,771)
	17,293	19,662	14,097	17,129
Prepayments	834	162	834	162
GST receivable (net)	861	595	861	595
	18,988	20,419	15,792	17,886

*** Movement in the allowance for expected credit losses**

Balance at beginning of the period	(2,771)	(2,565)	(2,771)	(2,565)
Amounts written off during the year	1,138	60	1,138	60
Increase in allowance recognised in net result	(1,872)	(266)	(1,872)	(266)
Balance at end of the period	(3,505)	(2,771)	(3,505)	(2,771)

Details regarding credit risk of receivables that are either past due or impaired are disclosed in Note 16.

7. Current assets – receivables (continued)

Recognition and measurement

AHO recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the agency becomes a party to the contractual provisions of the instrument, the entity considers:

- Whether the entity has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

All ‘regular way’ purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

AHO holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

AHO recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that AHO expects to receive, discounted at the original effective interest rate.

For trade receivables, AHO applies a simplified approach in calculating ECLs. AHO recognises a loss allowance based on lifetime ECLs at each reporting date. AHO has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

8. Non-current assets – property, plant and equipment

2025 PARENT	Land and Buildings				Capital Work in Progress	Total
	Tenanted* \$'000	Not Tenanted \$'000	Plant and Equipment \$'000	Leasehold Improvement \$'000		
At 1 July 2024 - fair value						
Gross carrying amount	4,527,426	15,364	917	257	77,134	4,621,098
Accumulated depreciation and impairment	(107)	-	(234)	(214)	-	(555)
Net Carrying Amount	4,527,319	15,364	683	43	77,134	4,620,543
At 30 June 2025 - fair value						
Gross carrying amount	5,561,180	27,128	1,358	-	86,576	5,676,242
Accumulated depreciation and impairment	(339)	-	(632)	-	-	(971)
Net Carrying Amount	5,560,841	27,128	726	-	86,576	5,675,271

* This relates to properties where AHO is the lessor under operating leases (social housing).

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

2025 PARENT	Land and Buildings				Capital Work in Progress	Total
	Tenanted* \$'000	Not Tenanted \$'000	Plant and Equipment \$'000	Leasehold Improvement \$'000		
Year ended 30 June 2025						
Net Carrying Amount at start of year	4,527,319	15,364	683	43	77,134	4,620,543
Additions	45,616	-	289	-	95,103	141,008
Equity transfer from Housing Portfolio	615,644	-	-	-	-	615,644
Property transfers to DCJ	(4,366)	-	-	-	-	(4,366)
Non-cash property transfers from Housing Portfolio (Note 3(b))	228	94	-	-	-	322
Assets recognised for the first time (Note 3(c))	670	-	-	-	-	670
Transfers from work in progress	77,789	7,872	-	-	(85,661)	-
Disposals (Note 4)	-	-	(7)	-	-	(7)
Demolition (Note 4)	(9,281)	-	-	-	-	(9,281)
Net revaluation increment	348,677	3,798	-	-	-	352,475
Depreciation expense (Note 2(c))	(41,455)	-	(239)	(43)	-	(41,737)
Net Carrying Amount at end of year	5,560,841	27,128	726	-	86,576	5,675,271

* This relates to properties where AHO is the lessor under operating leases (social housing).

8. Non-current assets – property, plant and equipment (continued)

2024 PARENT	Land and Buildings				Capital Work in Progress	Total
	Tenanted*	Not Tenanted	Plant and Equipment	Leasehold Improvement		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2023 - fair value						
Gross carrying amount	3,190,813	16,181	916	257	63,744	3,271,911
Accumulated depreciation and impairment	(94)	-	(332)	(128)	-	(554)
Net Carrying Amount	3,190,719	16,181	584	129	63,744	3,271,357
At 30 June 2024 - fair value						
Gross carrying amount	4,527,426	15,364	917	257	77,134	4,621,098
Accumulated depreciation and impairment	(107)	-	(234)	(214)	-	(555)
Net Carrying Amount	4,527,319	15,364	683	43	77,134	4,620,543

* This relates to properties where AHO is the lessor under operating leases (social housing).

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

2024 PARENT	Land and Buildings				Capital Work in Progress	Total
	Tenanted*	Not Tenanted	Plant and Equipment	Leasehold Improvement		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2024						
Net Carrying Amount at start of year	3,190,719	16,181	584	129	63,744	3,271,357
Additions	16,892	-	538	-	82,365	99,795
Equity transfer from Housing Portfolio	1,153,574	-	-	-	-	1,153,574
Non-cash property transfers to Housing Portfolio (Note 2(d))	-	(61)	-	-	-	(61)
Non-cash property transfers from Housing Portfolio (Note 3(b))	591	399	-	-	-	990
Transfers from work in progress	70,559	(1,584)	-	-	(68,975)	-
Disposals (Note 4)	(2,148)	-	(213)	-	-	(2,361)
Demolition (Note 4)	(622)	-	-	-	-	(622)
Net revaluation increment	128,865	429	-	-	-	129,294
Depreciation expense (Note 2(c))	(31,111)	-	(226)	(86)	-	(31,423)
Net Carrying Amount at end of year	4,527,319	15,364	683	43	77,134	4,620,543

* This relates to properties where AHO is the lessor under operating leases (social housing).

8. Non-current assets – property, plant and equipment (continued)

2025 CONSOLIDATED	Land and Buildings				Capital Work in Progress \$'000	Total \$'000
	Tenanted* \$'000	Not Tenanted \$'000	Plant and Equipment \$'000	Leasehold Improvement \$'000		
At 1 July 2024 - fair value						
Gross carrying amount	4,531,863	16,798	917	257	77,134	4,626,969
Accumulated depreciation and impairment	(107)	-	(234)	(214)	-	(555)
Net Carrying Amount	4,531,756	16,798	683	43	77,134	4,626,414
At 30 June 2025 - fair value						
Gross carrying amount	5,566,114	28,562	1,358	-	86,576	5,682,610
Accumulated depreciation and impairment	(339)	-	(632)	-	-	(971)
Net Carrying Amount	5,565,775	28,562	726	-	86,576	5,681,639

* This relates to properties where AHO is the lessor under operating leases (social housing).

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

2025 CONSOLIDATED	Land and Buildings				Capital Work in Progress \$'000	Total \$'000
	Tenanted* \$'000	Not Tenanted \$'000	Plant and Equipment \$'000	Leasehold Improvement \$'000		
Year ended 30 June 2025						
Net Carrying Amount at start of year	4,531,756	16,798	683	43	77,134	4,626,414
Additions	45,616	-	289	-	95,103	141,008
Equity transfer from Housing Portfolio	615,644	-	-	-	-	615,644
Property transfers to DCJ	(4,366)	-	-	-	-	(4,366)
Non-cash property transfers from Housing Portfolio (Note 3(b))	228	94	-	-	-	322
Assets recognised for the first time (Note 3(c))	670	-	-	-	-	670
Transfers from work in progress	77,789	7,872	-	-	(85,661)	-
Disposals (Note 4)	-	-	(7)	-	-	(7)
Demolition (Note 4)	(9,281)	-	-	-	-	(9,281)
Net revaluation increment	349,262	3,798	-	-	-	353,060
Depreciation expense (Note 2(c))	(41,543)	-	(239)	(43)	-	(41,825)
Net Carrying Amount at end of year	5,565,775	28,562	726	-	86,576	5,681,639

* This relates to properties where AHO is the lessor under operating leases (social housing).

8. Non-current assets – property, plant and equipment (continued)

2024 CONSOLIDATED	Land and Buildings				Capital Work in Progress	Total
	Tenanted*	Not Tenanted	Plant and Equipment	Leasehold Improvement		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2023 - fair value						
Gross carrying amount	3,196,805	17,615	916	257	63,744	3,279,337
Accumulated depreciation and impairment	(94)	-	(332)	(128)	-	(554)
Net Carrying Amount	3,196,711	17,615	584	129	63,744	3,278,783
At 30 June 2024 - fair value						
Gross carrying amount	4,531,863	16,798	917	257	77,134	4,626,969
Accumulated depreciation and impairment	(107)	-	(234)	(214)	-	(555)
Net Carrying Amount	4,531,756	16,798	683	43	77,134	4,626,414

* This relates to properties where AHO is the lessor under operating leases (social housing).

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

2024 CONSOLIDATED	Land and Buildings				Capital Work in Progress	Total
	Tenanted*	Not Tenanted	Plant and Equipment	Leasehold Improvement		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2024						
Net Carrying Amount at start of year	3,196,711	17,615	584	129	63,744	3,278,783
Additions	16,892	-	538	-	82,365	99,795
Equity transfer from Housing Portfolio	1,153,574	-	-	-	-	1,153,574
Non-cash property transfers to Housing Portfolio (Note 2(d))	-	(61)	-	-	-	(61)
Non-cash property transfers from Housing Portfolio (Note 3(b))	591	399	-	-	-	990
Transfers from work in progress	70,559	(1,584)	-	-	(68,975)	-
Disposals (Note 4)	(2,148)	-	(213)	-	-	(2,361)
Demolition (Note 4)	(622)	-	-	-	-	(622)
Net revaluation increment	127,405	429	-	-	-	127,834
Depreciation expense (Note 2(c))	(31,206)	-	(226)	(86)	-	(31,518)
Net Carrying Amount at end of year	4,531,756	16,798	683	43	77,134	4,626,414

* This relates to properties where AHO is the lessor under operating leases (social housing).

8. Non-current assets – property, plant and equipment (continued)

Recognition and measurement

(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 AHO and the cost of the asset can be reliably measured. Grouped assets forming part of a network costing more than \$5,000 are capitalised.

(ii) Acquisition of Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date. Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit. Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

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

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

b) Repairs and maintenance

AHO expenses the cost of routine repairs and maintenance necessarily incurred to maintain its property portfolio at pre-determined standards, except where they relate to replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

A percentage of repairs and maintenance on properties costing in aggregate more than \$10,000 are capitalised. Individual repairs and maintenance costing more than \$5,000 are capitalised.

Value of unpaid repairs and maintenance at reporting date is accrued. AHO estimates this accrual by applying a pre-determined percentage of the value of works orders issued to maintenance contractors. The pre-determined percentage is assessed every year depending on the status of the works orders as at reporting date.

c) Capital improvements

AHO incurs costs necessary to bring older dwellings within its property portfolio to the benchmark condition. When the work undertaken results in the improved dwellings exceeding the original standard of the dwellings, the costs incurred are capitalised.

8. Non-current assets – property, plant and equipment (continued)

Recognition and measurement (continued)

(iv) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use.

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (AASB 2022-10) applies to annual periods beginning on or after 1 January 2024. AASB 2022-10 amends AASB 13 *Fair Value Measurement* (AASB 13). For non-financial assets of not-for-profit public sector entities that are not held primarily for their ability to generate net cash inflows, there is a rebuttable assumption that current use is highest and best use, unless the asset is classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* or it is highly probable the asset will be used for an alternative purpose to its current use (AASB 13.Aus29.1 and Aus29.2).

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 10 for further information regarding fair value.

AHO revalue its lands and buildings annually to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at the reporting date.

For non-specialised assets with short useful lives, these are measured at depreciated historical cost as an approximation of fair value. AHO has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets using income or market approach the accumulated depreciation of an asset at the revaluation date is eliminated against the asset's gross carrying amount. The resulting net balance in the asset account is increased or decreased to bring the asset's value to fair value.

Revaluation increments are credited directly to revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result. The remaining balance is directly credited to the revaluation reserve.

Revaluation decrements relating to an asset class is first offset against the existing credit balance in the revaluation reserve for that asset class. The remaining balance is recognised as an expense in the net result reported in the Statement of Comprehensive Income.

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

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

8. Non-current assets – property, plant and equipment (continued)

Recognition and measurement (continued)

(v) Depreciation

Property, plant and equipment, other than land is depreciated on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life. All material identifiable components of assets are depreciated separately over their useful lives. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end. AHO undertakes ongoing maintenance and upgrades in order to maintain properties at a certain standard. The depreciation rates are as follows:

	2025 % Rate	2024 % Rate
Property		
Building	2	2
Plant & Equipment		
Office furniture and fittings	33	33
Office equipment	14	14
Computer equipment	25	25
Motor vehicles	16	16

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

(vi) Leases

Right-of-Use Assets acquired by lessees

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset for most leases. AHO has elected to present right-of-use assets separately in the Statement of Financial Position. Further information on leases is contained in Note 9.

(vii) Transfer of Assets

On a regular basis, Housing Portfolio transfers properties (including legal title) to AHO to assist in meeting Aboriginal housing needs. AHO also transfers properties to Housing Portfolio, such as when the relevant properties no longer meet the requirements of Aboriginal households. AHO and Housing Portfolio regularly undertake a reconciliation of the value of property transfers in and out (quantity and dollar values). AHO records as revenue the value of properties transferred from Housing Portfolio and records as an expense the value of properties transferred to Housing Portfolio.

For 2024/25, as part of an approved program to transfer the title of Aboriginal tenanted properties from Housing Portfolio to the AHO, 1,210 properties (2023/24: 1,642 properties) worth \$615.6m (2023/24: \$1.15bn) were transferred to the AHO. The properties were recognised as an equity transfer in accordance with AASB 1004 *Contributions*, rather than revenue, in line with the cabinet decision (SC1032-2020) issued on 20 July 2021 and this increased net assets by \$615.6m (2023/24: \$1.15bn increase).

A Ministerial vesting order was also signed off on 12 May 2025, which saw the transfer of 6 properties worth \$4.4m to DCJ as part of the Building Homes for NSW program.

(viii) Impairment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

AHO assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, AHO estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

8. Non-current assets – property, plant and equipment (continued)

Recognition and measurement (continued)

(viii) Impairment (continued)

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in net result and is treated as a revaluation increase. However, to the extent that an impairment loss on the same class of asset was previously recognised in net result, a reversal of that impairment loss is also recognised in net result.

(ix) Trust's assets

The assets owned by the Trust, upon consolidation, form part of AHO's consolidated financial statements. As part of a Community consultation and mediation process with the beneficiaries of the Trust to decide on the future of these assets, AHO, as the Trustee of the Trust, has the intention to transfer the assets to the beneficiaries. This intention has been ratified by the AHO Board and approved by the Chief Executive, as well as published to the Community. However, the assets will not be derecognised as at the end of 30 June 2025 as:

- the assets are still titled to AHO as the Trustee (and to the Trust) and,
- the decision has not been approved by Treasurer and Minister and,
- AHO does not have acceptance of the beneficiaries for the transfer as at the date of the consolidated Financial Statements.

As a result, AHO will continue recognising the assets until such time the transfer process has been completed.

9. Leases

AHO leases various offices for operational use. Lease contracts are typically made for fixed periods of 5 to 6 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. AHO does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by AHO and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

AASB 16 *Leases* (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

AHO has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less. Low value assets are assets with a fair value of \$10,000 or less when new.

9. Leases (continued)

(a) Right-of-use assets under leases

The following tables present right-of-use assets that do not meet the definition of investment property.

PARENT/CONSOLIDATED	Motor Vehicles \$'000	Total \$'000
Balance at 1 July 2024	256	256
Additions	174	174
Depreciation expense	(119)	(119)
Balance at 30 June 2025	311	311

PARENT/CONSOLIDATED	Motor Vehicles \$'000	Total \$'000
Balance at 1 July 2023	228	228
Additions	136	136
Depreciation expense	(108)	(108)
Balance at 30 June 2024	256	256

(b) Lease liabilities

The following table presents liabilities under leases:

PARENT/CONSOLIDATED	Total \$'000
Balance at 1 July 2024	266
Additions	174
Interest expenses	11
Payments	(128)
Other movements	(38)
Balance at 30 June 2025	285
Balance at 1 July 2023	234
Additions	136
Lease modification revaluation	-
Interest expenses	9
Payments	(113)
Balance at 30 June 2024	266

9. Leases (continued)

(b) Lease liabilities (continued)

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Current lease liability	108	104	108	104
Non-current lease liability	177	162	177	162
	<u>285</u>	<u>266</u>	<u>285</u>	<u>266</u>

(c) Right-of-use expenses under leases

The following amounts were recognised in the statement of comprehensive income for the current and prior periods:

	2025	2024
	\$'000	\$'000
Depreciation expense of right-of-use assets	119	108
Interest expense on lease liabilities	<u>11</u>	<u>9</u>
Total amount recognised in the statement of comprehensive income	<u>130</u>	<u>117</u>

AHO had total cash outflows for leases of \$0.13m in 2024/25 (2023/24: \$0.11m).

Recognition and measurement

AHO assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. AHO recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

AHO recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (50 years for office buildings).

As the lease terms for AHO's right-of-use assets is usually 5 years which is shorter than the useful lives of the assets, these assets are depreciated over the lease term.

If ownership of the leased asset transfers to AHO at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. AHO assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, AHO estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

9. Leases (continued)

(c) *Right-of-use expenses under leases (continued)*

Recognition and measurement (continued)

i. Right-of-use assets (continued)

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, AHO recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by AHO; and
- payments of penalties for terminating the lease, if the lease term reflects AHO exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for AHO's leases, the lessee's incremental borrowing rate is used, being the rate that AHO would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The only borrowing that AHO has relates to lease liabilities. Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

iii. Short-term leases and leases of low-value assets

AHO applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term. AHO does not have such leases as at 30 June 2025.

9. Leases (continued)

(c) Right-of-use expenses under leases (continued)

Recognition and measurement (continued)

iv. Leases that have significantly below-market terms and conditions principally to enable the entity to further its objectives

The initial and subsequent measurement of right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable AHO to further its objectives is same as normal right-of-use assets. They are measured at cost, subject to impairment. AHO does not have such leases as at 30 June 2025.

10. Fair value measurement of non-financial assets

(a) Fair value hierarchy

2025	Notes	Level 1	Level 2	Level 3	Total
PARENT		\$'000	\$'000	\$'000	fair value
Property, plant and equipment					\$'000
Land and buildings	8	-	-	5,587,969	5,587,969
		-	-	5,587,969	5,587,969

2025					
CONSOLIDATED					
Property, plant and equipment					
Land and buildings	8	-	-	5,594,337	5,594,337
		-	-	5,594,337	5,594,337

There were no transfers between Level 1 or 2 during the period.

2024	Notes	Level 1	Level 2	Level 3	Total
PARENT		\$'000	\$'000	\$'000	fair value
Property, plant and equipment					\$'000
Land and buildings	8	-	-	4,542,683	4,542,683
		-	-	4,542,683	4,542,683

2024					
CONSOLIDATED					
Property, plant and equipment					
Land and buildings	8	-	-	4,548,554	4,548,554
		-	-	4,548,554	4,548,554

There were no transfers between Level 1 or 2 during the period.

10. Fair value measurement of non-financial assets (continued)

(a) *Fair value hierarchy (continued)*

Recognition and measurement

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, AHO categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets / liabilities that AHO can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

AHO recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(b) *Valuation techniques, inputs and processes*

Fair values are determined by applying an annual rolling benchmark valuation approach whereby a third of the benchmark properties are valued by accredited property valuers with reference to market sales comparisons to calculate a market movement index. The market movement index is applied to the remaining two-thirds of the benchmark properties. This has the advantage of engaging an independent assessment annually. All benchmark properties are grouped within thirteen geographical reporting regions. The median value increase in each geographical group is then applied to the entire property portfolio. Adjustments to each property are made for any significant different characteristic from benchmark properties. The rolling benchmark valuation process is calculated annually as at 31 December. As such, an uplift market movement factor is provided from a registered valuer for the six months period ended 30 June 2025.

The uplift/(downward) market movement for the six months from 31 December 2024 to 30 June 2025 is \$105m (2023/24: nil). This methodology involves a physical independent valuation each year of one-third of the benchmark properties.

Significant inputs used as part of the valuation include:

- Market sales comparison approach utilising recent sales of comparable properties.
- Adjustments for any different attributes to benchmark properties- number of bedrooms, street appeal, aspect, dwelling size, yard size, internal condition and car accommodation, land size and zoning restrictions
- Where a single title exists over multiple properties, a block title adjustment is made to reflect the required costs for sub-division.
- Market movement for six months ended 30 June 2025.

10. Fair value measurement of non-financial assets (continued)

(b) Valuation techniques, inputs and processes (continued)

Inter-relationship between significant inputs and fair value measurement include:

- Higher (lower) market sales values reflect higher (lower) valuations.
- Better / (lesser) attributes for location, condition, size, aspect and street appeal over benchmark properties result in higher / (lower) valuation.
- Depending on the complexity of the conversion to single title, valuations are reduced by conversion costs.
- Higher / (lower) six monthly uplift market movement will result in higher / (lower) valuation.

Due to the extent of extrapolation and calculations for block title adjustments and uplift factors, management considers that an overall type 3 input level is appropriate.

(c) Reconciliation of Level 3 fair value measurements

Please refer to Note 8 for a reconciliation of the Level 3 fair value measurements for land & buildings.

11. Current liabilities – payables

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Payable for personnel services - DCJ	6,520	5,017	6,520	5,017
Creditors - trade	5,937	3,673	5,937	3,673
Creditors - sundry	4,294	3,040	4,294	3,040
Payable to the Dunghutti Trust	1,000	1,000	-	-
Payable to DCJ	3,605	4,508	3,605	4,508
Payable to Housing Portfolio	4,249	2,889	4,249	2,889
Accrued operating expenditure	5,901	6,113	5,901	6,113
Accrued capital expenditure - Housing Portfolio	10	6	10	6
Accrued capital expenditure - Others	1,037	2,201	1,037	2,201
	32,553	28,447	31,553	27,447

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

Recognition and measurement.

Trade and other payables

These represent liabilities for goods and services provided to AHO and other amounts. Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. However, short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Subsequent to initial recognition, trade and other payables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the net result when the liabilities are de-recognised as well as through the amortisation process.

12. Non-current liabilities – provisions

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Property replacement cost	213	213	213	213
	213	213	213	213

Reconciliation

A reconciliation of the provision movements for the current year is set out below:

2025 PARENT	Property replacement \$'000	Total \$'000
Carrying amount at beginning of the financial year	213	213
Additional provision recognised	-	-
Provision settled	-	-
Unwinding/Change in the discount rate	-	-
Carrying amount at the end of the financial year	213	213

2025 CONSOLIDATED	Property replacement \$'000	Total \$'000
Carrying amount at beginning of the financial year	213	213
Additional provision recognised	-	-
Provision settled	-	-
Unwinding/Change in the discount rate	-	-
Carrying amount at the end of the financial year	213	213

12. Non-current liabilities – provisions (continued)

Reconciliation

A reconciliation of the provision movements for the previous year is set out below:

2024 PARENT	Property replacement \$'000	Total \$'000
Carrying amount at beginning of the financial year	213	213
Additional provision recognised	-	-
Provision settled	-	-
Unwinding/Change in the discount rate	-	-
Carrying amount at the end of the financial year	<u>213</u>	<u>213</u>

2024 CONSOLIDATED	Property replacement \$'000	Total \$'000
Carrying amount at beginning of the financial year	213	213
Additional provision recognised	-	-
Provision settled	-	-
Unwinding/Change in the discount rate	-	-
Carrying amount at the end of the financial year	<u>213</u>	<u>213</u>

Recognition and measurement

Provisions

AHO has no employees and therefore has no employee related provisions.

A provision is recognised if, as a result of a past event, AHO 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 discounted at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

Provision for property replacements cost relates to AHO's obligation to purchase suitable replacement properties for the ACHPs. This amount is reassessed on an annual basis.

13. Commitments for expenditure

Capital commitments

Aggregate capital expenditure contracted for the purpose of providing housing for Aboriginal people at balance date and not provided for:

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Within one year	76,516	67,540	76,516	67,540
Later than one and not later than five years	-	-	-	-
Total (including GST)	76,516	67,540	76,516	67,540

The majority of the Capital Commitments relates to AHO's Capital Works, Closing the Gap Housing Solutions, SHAF and Remote Housing Maintenance programs that are currently in progress.

14. Contingent liabilities and contingent assets

The AHO does not have any contingent liabilities or assets for the year ended 30 June 2025.

15. Reconciliation of cash flows from operating activities to net result

	PARENT		CONSOLIDATED	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Net cash from operating activities	156,169	91,555	156,169	91,555
Losses on disposal, demolitions and write-offs	(9,288)	(800)	(9,288)	(800)
Depreciation	(41,856)	(31,531)	(41,944)	(31,626)
Assets recognised for the first time	670	-	670	-
Non-cash transfer from Housing Portfolio	322	990	322	990
Non-cash transfer to Housing Portfolio	-	(61)	-	(61)
Finance costs	(11)	(9)	(11)	(9)
Other movements in lease liability	38	-	38	-
Decrease / (increase) in allowance for impairment	(734)	(206)	(734)	(206)
Increase / (decrease) in receivables	(697)	12,379	(1,360)	11,905
Decrease / (increase) in payables	(5,267)	4,623	(5,267)	4,623
Net result	99,346	76,940	98,595	76,371

16. Financial instruments

AHO's principal financial instruments are outlined below. These financial instruments arise directly from AHO's operations or are required to finance AHO's operations. AHO does not enter into or trade financial instruments for speculative purposes. AHO does not use financial derivatives. AHO's main risks arising from financial instruments are outlined below, together with AHO's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive has the overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by AHO, to set risk limits and controls and to monitor risks. AHO works closely with DCJ and participates in the DCJ risk management process to manage these risks. Compliance with policies is reviewed by AHO on a continuous basis.

(a) Financial instrument categories for consolidated entity

Class	Note	Category	2025 \$'000	2024 \$'000
Financial Assets				
Cash and cash equivalents	6	Amortised Cost	33,587	15,349
Receivables (1)	7	Amortised Cost Loans and Receivables	14,097	17,129
Total financial assets			47,684	32,478
Financial Liabilities				
Payables (2)	11	Financial liabilities measure at amortised cost	31,553	27,447
Borrowings	9	Financial liabilities measure at amortised cost	285	266
Total financial liabilities			31,838	27,713

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

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

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

De-recognition of financial assets and liabilities

(i) Financial assets

Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire; or when AHO transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- (a) AHO has transferred substantially all the risks and rewards of the asset; or
- (b) AHO has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

When AHO has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where AHO has neither transferred nor retained substantially all the risks and rewards or transferred control, financial assets are recognised only to the extent of AHO's continuing involvement in the asset. In that case, AHO also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that AHO has retained.

16. Financial instruments (continued)

(a) *Financial instrument categories for consolidated entity (continued)*

De-recognition of financial assets and liabilities (continued)

(ii) Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(b) *Credit risk*

Credit risk arises when there is a possibility of AHO's debtors defaulting on their contractual obligations, resulting in a financial loss to AHO. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for credit losses or allowance for impairment). Credit risk arises from the financial assets of AHO, including cash and receivables. No collateral is held by AHO. AHO has not granted any financial guarantees. AHO considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, AHO may also consider a financial asset to be in default when internal or external information indicates that AHO is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by AHO.

Cash and cash equivalents

Cash comprises cash on hand and bank balances with Westpac Banking Corporation. Interest is earned on daily bank balances. Any interest income earned is pooled centrally and retained by NSW Treasury.

Accounting policy for impairment of trade debtors and other financial assets

Receivables – trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

AHO applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. AHO has identified the GDP, the unemployment rate and the Commonwealth government welfare transfer payments regime to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

16. Financial instruments (continued)

(b) Credit risk (continued)

Accounting policy for impairment of trade debtors and other financial assets (continued)

Receivables – trade debtors (continued)

The loss allowance for trade debtors was determined as follows:

30 June 2025						
\$'000						
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	-	-	71%	76%	76%	
Estimated total gross carrying amount at default	-	-	17	17	4,590	4,624
Expected credit loss	-	-	12	13	3,480	3,505

30 June 2024						
\$'000						
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	-	-	63%	60%	69%	
Estimated total gross carrying amount at default	-	-	8	10	4,083	4,101
Expected credit loss	-	-	5	6	2,812	2,823

Note: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the “total” will not reconcile to the receivables total in Note 7.

(c) Liquidity risk

Liquidity risk is the risk that AHO will be unable to meet its payment obligations when they fall due. AHO continuously manages risk through monitoring future cash flows and commitments maturities. No assets have been pledged as collateral. AHO’s exposure to liquidity risk is deemed insignificant based on prior periods’ data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. 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. NSW TC 11/12 Payment of Accounts allows the Minister to award interest for late payment. No interest for late payment was made during the 2024/25 (2024: \$Nil).

16. Financial instruments (continued)

(c) Liquidity risk (continued)

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

30 June 2025	Interest rate exposure	Maturity dates			Total
	Nominal Amount	<1 year	Between 1 and 5 years	> 5 years	
	\$'000	\$'000	\$'000	\$'000	
Payable for personnel services	6,520	6,520	-	-	6,520
Creditors and accrual expenses	25,033	25,033	-	-	25,033
Borrowings	285	108	177	-	285
Total	31,838	31,661	177	-	31,838

30 June 2024	Interest rate exposure	Maturity dates			Total
	Nominal Amount	<1 year	Between 1 and 5 years	> 5 years	
	\$'000	\$'000	\$'000	\$'000	
Payable for personnel services	5,017	5,017	-	-	5,017
Creditors and accrual expenses	22,430	22,430	-	-	22,430
Borrowings	266	104	162	-	266
Total	27,713	27,551	162	-	27,713

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which AHO can be required to pay.

AHO has access to the following line of credit with Westpac:

	2025 \$'000	2024 \$'000
Tape Negotiation Authority	20,000	40,500

This facility authorises the bank to debit AHO's operating bank account up to the above limit when processing the electronic payroll and accounts payables.

	2025 \$'000	2024 \$'000
AHO has access to the following credit card facility with Citibank	600	950

In 2022/23, NSW Treasury made changes to the NSW State Banking Agreement with Citibank and transitioned to an aggregate facility borrowing for all GSF agencies and established spend limit for each agency to support administrative efficiencies. AHO was allocated a limit of \$600k by Treasury as part of the arrangement.

16. Financial instruments (continued)

(d) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. AHO's exposures to market risk are primarily through interest rate risk on cash and cash equivalents. AHO has no exposure to foreign currency risk and does not trade in derivatives of any nature.

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. A reasonably possible change of +/- 1 per cent is used, consistent with current trends in interest rates. This basis will be reviewed annually and amended where there is a structural change in the level of interest volatility. AHO's parent and consolidated entities' exposure to interest rate risk is set out below.

30 June 2025

	-1%		+1%	
Carrying amount	Net Result	Equity	Net Result	Equity
\$'000	\$'000	\$'000	\$'000	\$'000

Financial assets

Cash and cash equivalents	33,587	(336)	(336)	336	336
Total increase/(decrease)		(336)	(336)	336	336

30 June 2024

	-1%		+1%	
Carrying amount	Net Result	Equity	Net Result	Equity
\$'000	\$'000	\$'000	\$'000	\$'000

Financial assets

Cash and cash equivalents	15,349	(153)	(153)	153	153
Total increase/(decrease)		(153)	(153)	153	153

(e) *Fair value compared to carrying amount*

The carrying values of financial assets less any impairment provision and financial liabilities are a reasonable approximation of their fair value due to their short term nature.

17. Budget review

Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual consolidated amounts disclosed on the primary consolidated financial statements are explained below.

Net Cost of Services (NCOS) (equivalent to Net result)

The Net Cost of Services (NCOS) was \$98.6m surplus against the original budget surplus of \$90.4m.

Revenue and Expenses

The major variances to revenue were:

Rent and other tenant charges were higher than budget by \$14.0m due to higher than expected rental income that was received from the Housing Portfolio transfer properties.

Grant revenue was lower than budget by \$16.7m mainly due to a carry-forward of budgets to future years for various programs as a result of Aboriginal Community driven reasons.

Other income was higher than budget by \$2.9m mainly due to a higher insurance income received during the year as there were more properties that were lost to fire or structural damage, which is in line with an increased portfolio size resulting from the properties transferred from Housing Portfolio.

The major variances to expenses were:

Personnel services and grants were below budget mainly due to carry-forward of budgets to future years as a result of Aboriginal Community driven reasons.

Operating expenses were higher than budget due to a higher repairs & maintenance spend, which is in line with an increased portfolio size resulting from the properties transferred from Housing Portfolio.

Assets and Liabilities

The major variances to budget were:

AHO's cash position was \$3.2m lower than budget mainly due to a delay in grant payments from NSW Reconstruction Authority and other payments from Housing Portfolio.

Receivables was higher than budget by \$5.9m mainly due to timing of cash receipt from various debtors, as mentioned above.

Property, plant and equipment was higher than budget by \$651.7m due to the Housing Portfolio Transfer of 1,210 properties in November 2024, and a revaluation increment of \$353.1m during the year.

Payables was lower than budget by \$8.2m, which is in line with the lower expenses during the year as a result of the aforementioned carry-forwards.

Asset Revaluation Reserve and Accumulated Funds were higher than budget due to the Housing Portfolio Transfer of 1,210 properties in November 2024, and a revaluation increment of \$353.1m during the year. Note that the transfer of the properties was treated as an equity transfer, resulting in an increase in Accumulated Funds during the year.

Cash Flows

As mentioned above, the AHO's cash position as at year-end was \$3.2m lower than budget mainly due to a delay in grant payments from NSW Reconstruction Authority and other payments from Housing Portfolio.

18. Program group statement

AHO operates and reports in one program group. The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position show the program group information of AHO.

19. Related party disclosures

A related party is a person or entity that is related to AHO that is preparing consolidated financial statements. AHO is a cluster agency of DCJ as at 30 June 2025. As AHO is a statutory authority 100% controlled by the NSW Government, AHO is a related party of all NSW Government controlled agencies and State Owned Corporations.

(a) Key management personnel

In accordance with AASB 124 *Related Parties* disclosures, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity including whether executive or otherwise. The Minister, the Secretary of DCJ and Chief Executive of the Aboriginal Housing Office have been identified as the KMP of AHO.

Key management personnel compensation

Ministers are compensated by NSW Legislature and AHO is not obligated to reimburse the Legislature. Ministerial compensation has been centrally compiled by Treasury and Department of Premier and Cabinet for distribution to agencies for inclusion in their financial statements. AHO is not aware of any non-monetary benefits provided by AHO to the Minister. The Secretary is remunerated by DCJ as the principal department of the cluster and therefore compensation for the Secretary is also excluded from the table below.

AHO's key management personnel compensation is as follows:

	2025	2024
	\$'000	\$'000
Short-term employee benefits:	358	296
Post-employment benefits	-	-
Total remuneration	<u>358</u>	<u>296</u>

The above compensation disclosures are based on actual payments made to KMP during the year.

19. Related party disclosures (continued)

KMP Related party information

There were no other related party transactions that occurred during the year with KMP or close family members of KMP.

(b) Other related party transactions

Cluster and other government agencies

The following table shows the related party transactions of the AHO during the year:

	Note	2025 \$'000	2024 \$'000
Personnel Services Expense			
DPHI (Up to 31 Jan 2024)	2(a) Personnel Services	-	11,135
DCJ (1 Feb 2024 onwards)	2(a) Personnel Services	<u>25,596</u>	<u>7,891</u>
Total		<u><u>25,596</u></u>	<u><u>19,026</u></u>
Management Agreement Expenses			
Housing Portfolio - Contract administration and repairs & maintenance	2(b) Fee for services	4,235	2,855
DPHI - Tenancy Management and Housing Services	2(b) Fee for services	-	3,290
DCJ - Tenancy Management and Housing Services	2(b) Fee for services	8,273	2,350
DPHI - Office Rental	2(b) Fee for services	21	856
DCJ - Office Rental	2(b) Fee for services	610	-
Property NSW - Office Rental	2(b) Fee for services	175	-
DPHI - Corporate Services and Efficiency Dividend	2(b) Business Services	-	2,730
DCJ - Corporate Services	2(b) Business Services	<u>2,877</u>	<u>1,191</u>
Total		<u><u>16,191</u></u>	<u><u>13,272</u></u>
Operating Expense			
DPHI	2(b) Professional fees	11	-
DPHI	2(b) Data processing services	288	-
DCJ	2(b) Data processing services	<u>15</u>	<u>-</u>
		<u><u>314</u></u>	<u><u>-</u></u>
Grant Revenue			
DPHI	3(b) Grants and contributions	1,963	59,022
DCJ	3(b) Grants and contributions	190,614	97,706
NSW Reconstruction Authority - Flood Recovery	3(b) Grants and contributions	22,453	9,417
DCCEEW	3(b) Grants and contributions	6,280	700
Housing Portfolio - Non-cash asset transfer in	3(b) Grants and contributions	322	990
Department of Customer Service - Digital Restart Fund	3(b) Grants and contributions	<u>-</u>	<u>138</u>
Total		<u><u>221,632</u></u>	<u><u>167,973</u></u>
Grant Expense			
Housing Portfolio - Non-cash asset transfer out	2(d) Grant Expense	<u>-</u>	<u>61</u>
Total		<u><u>-</u></u>	<u><u>61</u></u>

Other government agencies

AHO transacts with other government entities in the normal course of business at arm's length.

19. Related party disclosures (continued)

(b) Other related party transactions (continued)

Transaction with the Trust

The only transaction with the Trust during the year relates to the continued recognition of receivable from the Trust, in relation to expenses that AHO has paid on behalf of the Trust.

Balance with related parties

The aggregate value of the outstanding related party balances with AHO are as follows:

		2025 \$'000	2024 \$'000
Receivables from:	Note		
DCJ	7	31	2,158
Housing Portfolio	7	3,911	6,604
Trust	7	3,196	2,532
NSW Reconstruction Authority	7	7,020	5,462
DCCEEW	7	-	700
Total		<u><u>14,158</u></u>	<u><u>17,456</u></u>
Payables for personnel services to:			
DCJ	11	<u>6,520</u>	<u>5,017</u>
Total		<u><u>6,520</u></u>	<u><u>5,017</u></u>
Accrued capital expenditure to:			
Housing Portfolio	11	<u>10</u>	<u>6</u>
Total		<u><u>10</u></u>	<u><u>6</u></u>
Payable to:			
The Trust	11	1,000	1,000
DCJ	11	3,605	4,508
Housing Portfolio	11	<u>4,249</u>	<u>2,889</u>
Total		<u><u>8,854</u></u>	<u><u>8,397</u></u>

20. Events after the reporting period

There were no other events subsequent to balance date which would significantly affect the disclosures of these financial statements.

5 Teacher Housing Authority of NSW

Financial statements for the year ended 30 June 2025



INDEPENDENT AUDITOR'S REPORT

Teacher Housing Authority of NSW

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Teacher Housing Authority of NSW (the Authority), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policy Information, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Authority's financial position, financial performance and cash flows.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Authority in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

The Members' Responsibilities for the Financial Statements

The Members of the Authority are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Members' responsibility also includes such internal control as the Members determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

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



Manuel Moncada
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

27 October 2025
SYDNEY



Teacher Housing Authority of NSW

Financial Statements

For the Year Ended 30 June 2025

Statement by the Accountable Authority

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

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2024* and the Treasurer's directions, and
- present fairly Teacher Housing Authority of NSW's financial position, financial performance and cash flows.

Bonde Ilievski
A/Chair
Teacher Housing Authority of NSW

Date: 22/10/2025

Craig Torrance
A/Director, Teacher and Police Housing

Date: 22/10/2025

TEACHER HOUSING AUTHORITY OF NSW

Start of Audited Financial Statements

Statement of Comprehensive Income

For the Year Ended 30 June 2025

	Note	Actual 2025 \$'000	Actual 2024 \$'000
Continuing Operations			
Expenses			
Operating Expenses:			
Property maintenance	2(a)	23,206	20,859
Property rates	2(b)	3,167	2,836
Personnel services	2(c)	3,110	3,267
Other operating expenses	2(d)	4,788	4,820
Depreciation expense	2(e)	10,596	9,612
Total Expenses		44,867	41,394
Revenue			
Sale of goods and services	3(a)	14,349	13,397
Investment revenue	3(b)	3,590	4,669
Service payments and grants	3(c)	15,998	10,747
Other revenue		336	662
Total Revenue		34,273	29,475
Operating Result		(10,594)	(11,919)
Gain/(loss) on disposal of non-current assets		(21)	-
NET RESULT		(10,615)	(11,919)
Other Comprehensive Income			
<i>Items that will not be reclassified to the net result in subsequent period:</i>			
Net increase in property, plant and equipment revaluation surplus	6(a)	34,586	26,317
Total Other Comprehensive Income		34,586	26,317
TOTAL COMPREHENSIVE INCOME		23,971	14,398

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Statement of Financial Position

As at 30 June 2025

	Note	Actual 2025 \$'000	Actual 2024 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	74,095	101,145
Receivables	5	4,228	2,290
Total Current Assets		78,323	103,435
Non-Current Assets			
Property, Plant and Equipment			
Land and Buildings		302,581	272,053
Work in Progress		40,637	18,662
Total property, plant and equipment	6	343,218	290,715
Total Non-Current Assets		343,218	290,715
TOTAL ASSETS		421,541	394,150
LIABILITIES			
Current Liabilities			
Payables	9	20,077	16,669
Provisions	10	574	562
Total Current Liabilities		20,651	17,231
TOTAL LIABILITIES		20,651	17,231
NET ASSETS		400,890	376,919
EQUITY			
Asset Revaluation Reserve		243,378	208,792
Accumulated Funds		157,512	168,127
TOTAL EQUITY		400,890	376,919

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Statement of Changes in Equity

For the Year Ended 30 June 2025

	Note	Accumulated Funds \$'000	Asset Revaluation Reserve \$'000	Total Equity \$'000
Balance at 1 July 2024		168,127	208,792	376,919
Net Result for the Year		(10,615)	-	(10,615)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment revaluation surplus		-	34,586	34,586
Total other comprehensive income		-	34,586	34,586
Total comprehensive income for the Year		(10,615)	34,586	23,971
Balance as at 30 June 2025		157,512	243,378	400,890
Balance at 1 July 2023		180,046	182,475	362,521
Net Result for the Year		(11,919)	-	(11,919)
Other comprehensive income:				
Net increase/(decrease) in property, plant and equipment revaluation surplus		-	26,317	26,317
Total other comprehensive income		-	26,317	26,317
Total comprehensive income for the Year		(11,919)	26,317	14,398
Balance at 30 June 2024		168,127	208,792	376,919

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Statement of Cash Flows

For the Year Ended 30 June 2025

	Note	Actual 2025 \$'000	Actual 2024 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Property and Administration		(34,137)	(22,816)
Personnel Services Expenses		(3,939)	(2,517)
Total Payments		(38,076)	(25,333)
Receipts			
Rental Income		13,109	12,988
Investment Income		3,590	4,669
Service payment and contribution		15,998	10,747
Total Receipts		32,697	28,404
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	(5,379)	3,071
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Disposal of Non-Current Assets		200	-
Purchases of Property, Plant and Equipment		(21,871)	(22,255)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(21,671)	(22,255)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(27,050)	(19,184)
Opening Cash and Cash Equivalents		101,145	120,329
CLOSING CASH AND CASH EQUIVALENTS	4(a)	74,095	101,145

The accompanying notes form part of these financial statements.

TEACHER HOUSING AUTHORITY OF NSW

Section A: Entity Information and Basis of Preparation

Notes to and Forming Part of the Financial Statements for 30 June 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

(a) Reporting Entity

The Teacher Housing Authority of NSW (the Authority) was established under the *Teacher Housing Authority Act 1975* (THA Act). The Authority's principal objective is to provide and maintain suitable and adequate housing accommodation for NSW teachers. The provision of housing accommodation is one of several incentives which assist the Department of Education (DoE) in attracting and retaining teachers in parts of NSW where the private rental market is considered to be inadequate to suit their needs.

The Authority has assessed its profit status for the financial period ended 30 June 2025 and determined its status as not-for-profit for financial reporting purposes, as profit is not its principal objective. The Authority is consolidated as part of the NSW Total State Sector Accounts.

The Authority commenced operations in 1975 and is domiciled in Australia. Its principal business address is 4 Parramatta Square, 12 Darcy Street, Parramatta NSW 2150.

Effective as of 1 February 2024 Teacher Housing Authority of NSW was transferred from Department of Planning, Housing and Infrastructure (DPHI) to the Department of Communities and Justice (DCJ). Machinery of Government (MOG) changes announced in the Administrative Arrangements (Administrative Changes - Miscellaneous) Order (No. 6) 2023.

Under the THA Act, the Authority is unable to employ staff. However, to enable it to exercise its functions, the Authority can obtain personnel services from Government agencies who are able to engage staff under Part 4 of the *Government Sector Employment Act 2013*. Prior to 1 February 2024, Personnel services were provided by the Department of Planning Housing and Infrastructure (DPHI). Post Machinery of Government, Personnel services were provided by Department of Communities and Justice (DCJ).

DCJ, a principal department, is a separate reporting entity and does not control the Authority for financial reporting purposes.

These financial statements have been authorised for issue by the Authority's Board on XX October 2025.

(b) Basis of Preparation

The Authority's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- (i) applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- (ii) the requirements of the *Government Sector Finance Act 2018* (GSF Act); and
- (iii) Treasurer's Directions issued under the GSF Act.

Property, Plant and Equipment, Non-Current Assets Held for Sale and Other Non-Current Assets are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

The accrual basis of accounting has been adopted in the preparation of the financial statements, except for cash flow information.

In the application of the Authority's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are recognised, or in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements, key assumptions and estimations made by management are disclosed in the relevant notes to the financial statements.

The Authority's financial statements are prepared on a going concern basis as the assumption that the Authority is a going concern is justified.

All amounts are rounded to the nearest one thousand dollars (\$'000) and are expressed in Australian currency which is the Authority's presentation and functional currency.

(c) Statement of Compliance

The financial statements and accompanying notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

TEACHER HOUSING AUTHORITY OF NSW

Section A: Entity Information and Basis of Preparation

Notes to and Forming Part of the Financial Statements for 30 June 2025

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

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

(e) Comparative Information

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

(f) Fair Value Measurement and Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Authority categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

Level 1 – quoted prices in active markets for identical assets/liabilities that the Authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Authority recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer to Notes 6 and 8 for further disclosures regarding fair value measurements of financial and non-financial assets.

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

(i) Effective for the First Time in 2024-25

The accounting policies applied in 2024-25 are consistent with those of the previous financial year. In addition, AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities has been applied in the preparation of these Financial Statements. Several amendments and interpretations apply for the first time in 2024-25, but do not have a material impact on the Authority's Financial Statements.

(ii) Issued but Not Yet Effective

NSW public sector entities are not permitted to adopt new Australian Accounting Standards in advance of their implementation date unless Treasury determines otherwise. Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period.

The following new standards have not been applied and are not yet effective. The impact of the following standards in the period of initial application is not expected to be significant:

- AASB 17 Insurance Contracts
- AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector.

(h) Impact of Machinery of Government (MOG) on Financial Reporting for 2024-25

Effective as of 1 February 2024 Teacher Housing Authority of NSW was transferred from Department of Planning, Housing and Infrastructure to the Department of Communities and Justice. MOG changes announced in the Administrative Arrangements (Administrative Changes - Miscellaneous) Order (No. 6) 2023.

Although the MOG was effective from 1 February 2024, significant operational changes were implemented during 2024-25 contributing to increased process complexity. The payroll system transitioned in October 2024, followed by a finance system change in April 2025. The transition has necessitated ongoing cross-functional collaboration across departments.

Management have assessed that there has been no material impact on the end of year financial statements, including in areas of judgement or estimates.

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2025

2. EXPENSES

(a) Property Maintenance

	2025 \$'000	2024 \$'000
Property Refurbishment	9,592	5,397
General Maintenance	6,054	5,096
Ground/Yard Maintenance	1,937	1,570
Furnishings, Fixtures and Fittings	1,482	1,317
Plumbing	993	919
Electrical	495	442
Air Cooling Installation and Maintenance	190	252
Air Conditioners & Fans	2,280	5,748
Fire Protection	183	118
Total Property Maintenance	23,206	20,859

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

(b) Property Rates

	2025 \$'000	2024 \$'000
Annual Rates	2,168	2,104
Water Rates	921	618
Electricity Rates	72	95
Gas Rates	6	19
Total Property Rates	3,167	2,836

(c) Personnel Services

	2025 \$'000	2024 \$'000
Salaries and Wages (including Recreation Leave)	2,653	2,728
Payroll Tax and Fringe Benefits Tax	157	149
Superannuation	300	390
Total Personnel Services	3,110	3,267

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2025

(d) Other Operating Expenses

	2025	2024
	\$'000	\$'000
Shared Service Fees (i)	783	962
Property Management Fees	1,426	1,261
Other General Administration	187	211
Property Valuations	173	178
Insurance (ii)	816	1,179
Contractors	905	123
Computer Systems Development	247	609
Travel Expenses	167	157
Audit Fees	84	140
Total Other Operating Expenses	4,788	4,820

(i) Shared Service Fees include fees charged by GovConnect NSW for shared transactional services and by DPHI and DCJ for all administrative and operational services to enable the Authority to exercise its functions.

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

(e) Depreciation Expense

	2025	2024
	\$'000	\$'000
Depreciation of:		
Buildings (Note 6(a))	10,596	9,612
	10,596	9,612

Recognition and Measurement

Depreciation and amortisation are provided for on a straight-line basis for all depreciable non-current assets to write off the depreciable amount of each asset as it is consumed over its useful life to the Authority. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The starting useful lives of the Authority's items of property, plant and equipment are based on the following:

Asset Class	2025	2024
	Years	Years
Buildings	8-54	20-50
Computer System & Software	3	3

Land is not depreciated as land is not a depreciable asset.

The annual depreciation and amortisation rates of the Authority's items of property, plant and equipment are based on the following:

Asset Class	2025	2024
	% Rate	% Rate
Buildings	2-12	2-5
Computer System & Software	33	33

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2025

3. REVENUE

Recognition and Measurement - Revenue

Revenue is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition and measurement of revenue is discussed within each revenue category below.

(a) Sale of Goods and Services

	2025 \$'000	2024 \$'000
Rental Income	14,349	13,397
	14,349	13,397

Rental income arising from operating leases is accounted for in accordance with AASB 16 "Leases" on a straight-line basis over the lease term. The Authority's tenants are charged full market rental in accordance with government policy.

(b) Investment Revenue

	2025 \$'000	2024 \$'000
Interest Revenue	3,590	4,669
	3,590	4,669

Interest income is calculated in accordance with AASB 9 "Financial Instruments" by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e. after deducting the loss allowance for expected credit losses). The Authority's interest revenue is earned on the Authority's account daily bank balance at the monthly average NSW Treasury Corporation 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

(c) Service Payments and Grants

	2025 \$'000	2024 \$'000
DoE Annual Grants (i)	7,145	6,955
Additional DoE Program Grants (ii)	2,287	3,792
DCJ Key Worker Housing New Supply Contribution (iii)	5,444	-
DCJ Key Worker Housing Personnel Contribution (iv)	1,122	-
	15,998	10,747

(i) The Authority received a service payment of \$6.545 million from DoE under a Memorandum of Understanding for services provided. In accordance with the *Teacher Housing Act 1975*, the Authority is not required to return any excess funds under the MoU. In addition, the Authority received a grant of \$600K for planned maintenance of DoE properties.

(ii) During 2024-25, the Authority received additional grants of \$2.287 million from DoE. The grants were provided to the Authority to either acquire more assets or improve their condition.

(iii) During 2024-25, the Authority received grants from DCJ of \$5.444 million to supplement the Key Worker Housing new supply program and address cost escalations.

TEACHER HOUSING AUTHORITY OF NSW

Section B: Financial Performance

Notes to and Forming Part of the Financial Statements for 30 June 2025

- (iv) The DCJ Key Worker Housing Personnel Contribution of \$1.122 million represents the receipt of funding package for the Regional Key Worker Housing Delivery Program from DCJ. The grant funding is a contribution to personnel expenses and relates to the four year program from 2022-23 to 2025-26 to acquire new housing accommodations for NSW teachers in regional NSW.

Grants and contributions without sufficiently specific performance obligations are recognised as income when the Authority obtains control over the granted assets (i.e. cash received) in accordance with AASB 1058 "Income of Not-for-Profit Entities".

No element of financing is deemed present as the grant payment is received in advance. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. This is based on past experience and/or terms in the agreement.

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2025

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

(a) Cash and Cash Equivalents

	2025 \$'000	2024 \$'000
Cash and Cash Equivalents - Current		
Cash at Bank	74,095	101,145
Total Cash and Cash Equivalents	74,095	101,145

The cash reserve at Bank is mainly due to the receipt of funding package for the Regional Key Worker Housing Delivery Program from the Department of Regional NSW in 2024-25 (Refer Note 3(c) (iii) and (iv)).

For the purposes of the Statement of Cash Flows, Cash and Cash Equivalents include Cash at Bank and Cash on Hand. Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

5. CURRENT ASSETS - RECEIVABLES

(a) Receivables

	2025 \$'000	2024 \$'000
Current		
Trade Debtors	2,250	1,010
Less: Allowance for expected credit losses	-	-
Subtotal - Trade Debtors	2,250	1,010
Other Receivables:		
Tenancy Liaison Service Agent Advances	923	972
Prepayments	532	-
Accrued Income & Other Debtors	523	308
Subtotal - Other Receivables	1,978	1,280
Total Current Receivables	4,228	2,290

(b) Recognition and Measurement - Receivables

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

(i) Subsequent measurement

The Authority holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

(ii) Impairment

The Authority recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that The Authority expects to receive, discounted at the original effective interest rate.

For trade receivables, The Authority applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2025

6. PROPERTY, PLANT AND EQUIPMENT

(a) Total Property, Plant and Equipment

	2025 \$'000	2024 \$'000
Non-Current		
Land and Buildings		
At Fair Value	305,741	274,853
Less Accumulated Depreciation	(3,160)	(2,800)
Carrying Amount at 30 June	302,581	272,053
Work in Progress	40,637	18,662
Total Property, Plant and Equipment at 30 June	343,218	290,715

Reconciliation of Opening and Closing Carrying Amounts

	2025 \$'000	2024 \$'000
Land and Buildings		
Carrying Amount at 1 July	272,053	241,044
Additions	6,759	14,304
Disposals	(221)	-
Net Revaluation Reserve Increment	34,586	26,317
Depreciation Expense (Note 2(e))	(10,596)	(9,612)
Carrying Amount at 30 June	302,581	272,053
Work in Progress		
Carrying Amount at 1 July	18,662	9,581
Net Additions	21,975	9,081
Carrying Amount at 30 June	40,637	18,662
Total Property, Plant and Equipment at 30 June	343,218	290,715

(b) Recognition and Measurement - Property, Plant and Equipment

(i) Acquisitions of Asset

Acquisition of asset is recognised when the risks and rewards of the asset have passed to the buyer. On property asset, this usually coincides with when the legal title passes to the buyer, which is upon settlement of a contract.

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

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

(ii) Capitalisation Thresholds

Property, plant and equipment and intangible assets costing \$10,000 and above individually are capitalised.

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2025

(iii) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines Paper (TPP21-09) and Treasurer's Direction Valuation of Physical Non-Current Assets at Fair Value' (TD21-05). This policy adopts fair value in accordance with AASB 13 "Fair Value Measurement", AASB 116 "Property, Plant and Equipment".

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio- political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. The Authority revalues each class of property, plant and equipment on annual basis to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value.

When revaluing assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

A comprehensive revaluation of the Authority's land and buildings was last undertaken in 2024-25. Since 2015-16, the Authority has adopted the "Use of Sampling in Asset Valuation" method to determine the fair value of its land and buildings. This method is outlined in Appendix A of TPP21-09 "Valuation of Physical Non-Current Assets at Fair Value" issued by Treasury in July 2021.

In 2024-25, the Authority engaged Value NSW (a division of DPHI) to conduct the revaluation of its Land and Buildings. The Authority also engaged an independent statistician, to review the Value NSW process and valuation results.

The effective valuation date adopted in 2024-25 for the Authority's Land and Buildings revaluations is 31 March 2025 (31 March 2024 in 2023-24).

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

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

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

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

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2025

(iv) Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 "Impairment of Assets" is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The Authority estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(v) Restoration Costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

(vi) Disposals

The Authority's assets are disposed when they are:

- At the end of their economic lives and it is unfeasible to upgrade them;
- In locations where the private rental market adequately provides rental properties;
- In locations where there is insufficient teacher demand and the assets are underutilised; or
- A combination of the above.

7. INTANGIBLE ASSETS

(a) Computer Software

	2025 \$'000	2024 \$'000
Non-Current		
At Fair Value	595	595
Less Accumulated Depreciation	(595)	(595)
Carrying Amount at 30 June	-	-

(b) Recognition and Measurement

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority and the cost of the asset can be measured reliably.

Initially, intangible assets are measured at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the Authority's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be finite.

The Authority's intangible assets are amortised using the straight-line method over a period of 3 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

TEACHER HOUSING AUTHORITY OF NSW

Section C: Assets

Notes to and Forming Part of the Financial Statements for 30 June 2025

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

8. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis (Refer to Notes 1(f) and 6):

(a) Fair Value Hierarchy

2025	Level 1	Level 2	Level 3	Total Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment				
Land and Buildings	-	302,581	-	302,581
Non-Current Assets Held for Sale	-	-	-	-
	-	302,581	-	302,581
2024	Level 1	Level 2	Level 3	Total Fair Value
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment				
Land and Buildings	-	272,053	-	272,053
Non-Current Assets Held for Sale	-	-	-	-
	-	272,053	-	272,053

(b) Valuation Techniques, Input and Processes

For each class of property, plant and equipment, a description of the valuation technique applied and the inputs used in the fair value measurement is disclosed in the table below. For the valuation processes refer Note 6 (b)(iii).

Class	Valuation Technique	Key Inputs
Land and Buildings	The Authority uses a mass valuation process (Appendix A of TPP21-09) to value its portfolio annually. A benchmark sample of 20% of portfolio is valued using the Market Approach valuation technique. The technique uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. The changes in values in the benchmark sample is extrapolated to the entire portfolio.	• Location of property • Type of residence • Age of property • Construction material • Number of bedrooms • Condition rating • Effective life

TEACHER HOUSING AUTHORITY OF NSW

Section D: Liabilities

Notes to and Forming Part of the Financial Statements for 30 June 2025

9. CURRENT LIABILITIES - PAYABLES

(a) Payables

	2025	2024
	\$'000	\$'000
Current		
Other Creditors and Accruals	20,077	16,669
Total Current Payables	20,077	16,669

Recognition and Measurement - Payables

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

The Authority's payables are all non-interest bearing.

Liquidity Risk

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

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

Maturity Profile

All Authority's payables and accruals have a maturity of less than 12 months. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW Treasury Circular TC 11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Authority may automatically pay the supplier simple interest. The Authority was not required to make any interest payment in this respect during the current or prior years.

10. CURRENT LIABILITIES - PROVISIONS

(a) Provision for Personnel Services

	2025	2024
	\$'000	\$'000
Current		
Provision for Personnel Services	574	562
Total Provision for Personnel Services	574	562

TEACHER HOUSING AUTHORITY OF NSW

Section D: Liabilities

Notes to and Forming Part of the Financial Statements for 30 June 2025

(b) Provision for Personnel Services - Movement

	2025 \$'000	2024 \$'000
Carrying Amount at 1 July	562	464
Net Addition/(Utilisation)	12	98
Carrying Amount at 30 June	574	562

	2025 \$'000	2024 \$'000
Provision for Personnel Services - Dissection		
Annual Leave (i)	528	409
Long Service Leave On-costs (ii)	54	141
Payroll Tax	(8)	12
Carrying Amount at 30 June	574	562

The Authority received personnel services from DPHI prior to the Machinery of Government changes. Starting on 1 February 2024, the Authority receives personnel services from DCJ. DPHI and DCJ are not Special Purpose Service Entities and do not control the Authority under this arrangement (Note 1(a)). As the Authority is not an employer, the disclosure requirements of AASB 119 "Employee Benefits" in respect of employee benefits do not apply. However, for clarity and transparency, a Personnel Services Provision is disclosed where the substance of the underlying liability recognised effectively represents employee benefits.

(i) Annual Leave

A liability for annual leave and associated on-costs is recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

(ii) Long Service Leave On-costs

A liability is recognised for certain long service leave related on-costs and additional employee benefit costs that arise on incurring long service leave, including payroll tax, workers compensation insurance, annual leave, accrued leave while on long service leave taken in service and defined contribution superannuation. This long service leave on-cost liability is calculated in accordance with the requirements of Treasury Circular 21-03 and is based on the long service leave liability recognised by DCJ in respect of Authority staff.

DCJ's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The DCJ accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of employee benefits and other liabilities".

All long service leave taken by employees of the Authority is reimbursed to DCJ by the Crown Entity's "Non-Budget Sector Long Service Leave Pool Scheme". Accordingly, the Authority only recognises the consequential costs associated with long service leave.

(c) Recognition and Measurement - Provisions

Provisions are recognised when the Authority has a present obligation as a result of a past event, it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

TEACHER HOUSING AUTHORITY OF NSW

Section E: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2025

11. FINANCIAL INSTRUMENTS

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

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

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

(a) Financial Instrument Categories

(i) As at 30 June 2025 under AASB 9

Class	Notes	Category	Carrying amount \$'000
Financial Assets			
Cash and Cash Equivalents	4	Amortised Cost	74,095
Receivables (i)	5	Amortised Cost	2,250
Financial Liabilities		Financial Liabilities	
Payables (ii)	9	measured at Amortised Cost	20,077

(i) Excludes statutory receivables and prepayments as they are not within scope of AASB 7.

(ii) Excludes statutory payables and unearned revenue as they are not within scope of AASB 7.

(ii) As at 30 June 2024 under AASB 9

Class	Notes	Category	Carrying amount \$'000
Financial Assets			
Cash and Cash Equivalents	4	Amortised Cost	101,145
Receivables (i)	5	Amortised Cost	1,010
Financial Liabilities		Financial Liabilities	
Payables (ii)	9	measured at Amortised Cost	16,669

(i) Excludes statutory receivables and prepayments as they are not within the scope of AASB 7.

(ii) Excludes statutory payables and unearned revenue as they are not within scope of AASB 7.

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

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Authority transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Authority has transferred substantially all the risks and rewards of the asset; or
- the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control.

TEACHER HOUSING AUTHORITY OF NSW

Section E: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2025

When the Authority has transferred its rights to receive cash flows from an asset or has entered a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified; such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net results.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

(i) Credit Risk

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

Credit risk arises from the financial assets of the Authority, including cash and receivables (Notes 4 and 5). No collateral is held by the Authority and the Authority has not granted any material financial guarantees, individually or in aggregate. Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables - trade debtors

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand.

The Authority applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery includes, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

TEACHER HOUSING AUTHORITY OF NSW

Section E: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2025

The loss allowance for trade debtors as at 30 June 2025 and 30 June 2024 was determined as follows:

30 June 2025	\$'000					
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Estimated total gross carrying amount at default	1,263	75	594	116	202	2,250
Expected credit loss	-	-	-	-	-	-

30 June 2024				\$'000		
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.0%	0.0%	0.0%	0.00%	0.00%	0.00%
Estimated total gross carrying amount at default	-	-	722	118	170	1,010
Expected credit loss	-	-	-	-	-	-

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the receivables total in Note 5(a).

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at 30 June 2025. The Authority debtors represent a large number of individual teachers whose particular credit rating will vary and are unknown to the Authority.

(ii) Liquidity Risk

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

The Authority's financial liabilities included in Note 9 will mature in less than 1 year. The Authority does not have any credit facility at 30 June 2025 (2024: \$Nil).

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

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in TC11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

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

	Payables	
	2025 \$'000	2024 \$'000
Weighted Average Effective Interest Rate %	0%	0%
Nominal Amount	20,077	16,669
Interest Rate Exposure		
Non-interest Bearing	20,077	16,669
Maturity Dates		
< 1 year	20,077	16,669

TEACHER HOUSING AUTHORITY OF NSW

Section E: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2025

(iii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk are primarily through interest rate risk on the Authority's Cash and Cash Equivalents (Note 4). The Authority has no exposure to foreign currency risk and does not enter commodity contracts.

(iv) Fair Value of Financial Instruments

The Authority's financial instruments are recognised at cost. The amortised cost of the Authority's financial instruments recognised in the Statement of Financial Position approximates the fair value, because of the short-term nature of the financial instruments. The Authority has not identified any financial instruments whose fair value differs materially from the carrying amount.

(v) Interest Rate Risk

The effect on the Net Result and Equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at 30 June 2025. The analysis is performed on the same basis as in 2024. The analysis assumes that all other variables remain constant.

Exposure to interest rate risk arises primarily through the Authority's Cash and Cash Equivalents. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of $\pm 1\%$ has been used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

Interest Rate Risk - 2025	Carrying Amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	74,095	(741)	(741)	741	741
Interest Rate Risk - 2024					
	Carrying Amount \$'000	-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and Cash Equivalents	101,145	(1,011)	(1,011)	1,011	1,011

12. COMMITMENTS FOR EXPENDITURE

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

(a) Capital Expenditure Commitments

	2025 \$'000	2024 \$'000
Capital expenditure contracted at balance date but not provided for:		
Payable within one year	12,104	9,604
Total Capital Expenditure Commitments	12,104	9,604

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

TEACHER HOUSING AUTHORITY OF NSW

Section E: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2025

13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Authority may be liable for payment of compensation arising from claims and other matters subject to litigation. The amounts involved cannot be accurately determined and in some instances are subject to arbitration. These claims are covered by the Treasury Managed Fund.

The Authority is not aware of any contingent assets or liabilities as at 30 June 2025 (\$Nil as at 30 June 2024).

14. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	2025 \$'000	2024 \$'000
Net Cash Flow From Operating Activities	(5,379)	3,071
Non-Cash Revenues/(Expenses):		
Depreciation and amortisation	(10,596)	(9,612)
Loss/(Gain) on Disposal of Non-Current Assets	21	-
Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Receivables	1,938	(97)
Decrease/(Increase) in Payables and Other Liabilities	3,413	(5,183)
Decrease/(Increase) in Provisions	(12)	(98)
Net Result	(10,615)	(11,919)

15. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

During 2024-25, the Authority incurred \$0.21 million in respect of the Key Management Personnel services that were provided by DCJ (\$0.19 million in 2023-24).

(i) Remuneration of Authority Members

Section 7(1)(c) of the *Teacher Housing Authority Act, 1975* provides for the appointment of a member to manage the Authority's activities. This member is appointed under the *Government Sector Employment Act 2013* and remuneration is in accordance with determinations of the Industrial Authority. No remuneration is paid to members of the Authority.

(b) Transactions and Outstanding Balances with Other Related Parties

During 2024-25, the Authority has not entered other transactions with Key Management Personnel, their close family members and controlled or jointly controlled entities thereof (\$Nil in 2023-24).

(c) Transactions and Outstanding Balances with Other Government Entities

During 2024-25, the Authority entered transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions are collectively, but not individually, a significant portion of the Authority's property rental income, fees for services rendered and grant and contribution revenue.

Related parties	Transactions	2025 \$'000	2024 \$'000
Department of Education	Receiving Rental Subsidy	6,989	5,815
Department of Education	Receiving Annual Operation Funding	6,545	6,355
Department of Education	Annual DoE Grant	600	600
Department of Education	Receiving Assets Contribution/Stimulus	1,600	3,791
Department of Planning, Housing and Infrastructure	Receiving Personnel Services	-	1,685
Department of Communities and Justice	Receiving Personnel Services	1,122	1,705
Department of Communities and Justice	Receiving DCJ Grants	5,444	-
		22,300	19,951

TEACHER HOUSING AUTHORITY OF NSW

Section E: Financial Instruments and Other Notes

Notes to and Forming Part of the Financial Statements for 30 June 2025

16. AFTER REPORTING DATE EVENTS

The Authority has not identified any events or transactions post 30 June 2025 that are material to require adjustments or disclosures in the financial report.

End of Audited Financial Statements

