

NSW Institute of Teachers

Annual Report

2009–2010

NSW INSTITUTE OF TEACHERS



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NSW INSTITUTE OF TEACHERS



The Hon. Verity Firth MP
 Minister for Education and Training
 Level 31 Governor Macquarie Tower
 1 Farrer Place
 SYDNEY NSW 2000

Dear Minister

I am pleased to forward to you the sixth NSW Institute of Teachers' Annual Report for presentation to Parliament. The report covers the financial year 1 July 2009 to 30 June 2010.

The report has been prepared under Sections 7, 8 and 9 of the *Annual Reports (Statutory Bodies) Act 1984*.

Key achievements for the year include:

- initial accreditation of 6,743 new scheme teachers
- accreditation at Professional Competence of 3,800 teachers
- assessment of and feedback for 242 preliminary applications for accreditation at Professional Accomplishment and 169 for Professional Leadership
- development of an online process for teacher accreditation authorities to assess applications for accreditation at Professional Accomplishment or Professional Leadership
- review and assessment of 69 programs of initial teacher education
- registration of 2,896 new courses and 3,763 new sessions of professional development
- significant contribution to the development of national standards and processes for teacher accreditation/registration.

The Report will be printed and distributed and also published on the Institute's website www.nswteachers.nsw.edu.au.

Yours sincerely

Professor Phil Foreman
Chair
 20 October 2010

Yours sincerely

Patrick Lee
Chief Executive
 20 October 2010

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INTRODUCTION

The NSW Institute of Teachers was established under the Institute of Teachers Act 2004 with subordinate legislation *Institute of Teachers Regulation 2005*.

The Governor gave assent to the Act on 6 July 2004.

Parts 1, 2 and 5 of the Act were proclaimed on 9 August 2004, while Parts 3 and 4 relating to the functions of the Institute (the remainder of the Act) were proclaimed on 24 January 2005.

A subsequent amendment to the Act was assented to on 10 December 2008 and proclaimed 1 July 2009.

The Institute is within the portfolio of the Minister for Education and Training.

The Institute was established to support the quality of teachers in NSW schools. This is achieved through the functions conferred by the Act of:

- advising the Minister on the development, content and application of the Professional Teaching Standards
- advising and assisting teacher accreditation authorities in accrediting teachers
- monitoring the accreditation process across all NSW schools
- ensuring the Professional Teaching Standards are applied fairly and consistently
- advising the Minister on the approval of initial and continuing teacher education courses and programs
- advising the Minister on the approval of persons or bodies who may provide continuing professional development for teachers.

ACCESS

NSW Institute of Teachers
Level 10
175 Castlereagh Street
SYDNEY NSW 2000
(PO Box A976
SYDNEY SOUTH NSW 1235)

Hours of business 8.30 am – 5.30 pm
Monday to Friday

SUMMARY REVIEW OF OPERATIONS

The *Institute of Teachers Act 2004* allows the work of the Institute to be structured around four key areas:

- Standards and Accreditation
- Initial Teacher Education
- Professional Learning
- Corporate Services.

Key achievements and initiatives for the 2009/10 financial year were:

Standards and Accreditation

- accreditation at Professional Competence of 3,800 teachers
- twenty additional teachers trained as external assessors
- review of 1,803 teachers' Professional Competence accreditation reports and evidence by external assessors
- assessment of and feedback for 242 preliminary applications for accreditation at Professional Accomplishment and 169 for Professional Leadership
- sixty-two teachers paid for and commenced accreditation submissions at Professional Accomplishment and Professional Leadership
- six external observations completed for candidates at Professional Accomplishment and Professional Leadership
- development of an online process for teacher accreditation authorities to assess applications for accreditation at Professional Accomplishment or Professional Leadership
- development and endorsement by the Quality Teaching Council of a scoping paper for a policy concerning requirements for maintenance of accreditation at the higher levels
- development and presentation of four information sessions for teacher accreditation authorities and their panel members on the process for, and implications of, assessing applications for accreditation at Professional Accomplishment or Professional Leadership
- provision of information to stakeholders about the accreditation of teachers in NSW schools through over 50 staff presentations

- key contribution by Institute staff to national discussions on the development of draft national professional teaching standards and a proposed national teacher accreditation system (including the approval of initial teacher education programs).

Initial Teacher Education

- convening by the Institute's Initial Teacher Education Committee (ITEC) of 31 panels of teachers, principals, teacher educators and curriculum experts to review and assess a total of 69 separate programs of initial teacher education. Over 120 members of the profession were involved in these assessments
- seven meetings of the ITEC at which a total of 62 programs were recommended for Ministerial approval. The remaining programs were being revised to meet the Institute's requirements
- provision of advice that was endorsed by the Ministerial Council on Education, Early Childhood Development and Youth Affairs (MCEECDYA) on the key elements of the proposed national system for the approval of initial teacher education programs.

Professional Learning

- conduct of six Professional Learning Endorsement and Advisory Committee meetings
- registration of 2,896 new courses and 3,763 new sessions
- continued implementation of teachers' on-line professional learning logs. All teachers accredited at Professional Competence are able to both log and evaluate their professional learning
- development and implementation of online monitoring of professional development and validation of Teacher Identified professional development for teachers accredited at Professional Competence
- revision of support manual for providers wishing to apply for endorsement (*Becoming a NSW Institute of Teachers' Endorsed Provider of Institute Registered Professional Development*)
- development of revised support material for teachers (*Maintenance of Accreditation at Professional Competence* booklet)
- the development of a one page guide for teacher accreditation authorities monitoring professional development and validating Teacher Identified professional development

- the development of a one page guide for principals monitoring professional development and validating Teacher Identified professional development
- implementation of *The Further Undergraduate Studies and Postgraduate Studies Policy – Supporting the Maintenance of Accreditation at Professional Competence*
- twenty presentations to teachers, supervisors and principals on the professional development requirements for the purpose of maintaining accreditation at Professional Competence
- seven presentations to professional development providers.

Corporate Services

- provisional or conditional accreditation of 6,743 teachers at the point of employment/approval to teach
- the assessment of 7,510 prospective teachers' qualifications for eligibility to teach in NSW
- commencement of the Quality Teaching Council's second term
- conduct of four Board meetings and six Quality Teaching Council meetings
- review and implementation of an Internal Audit Plan
- continuation of an audit of teacher accreditation authorities' compliance with accreditation at the point of employment/approval to teach requirements
- support for annual audit by the Audit Office
- on-going maintenance of database including regular updating of accreditation status of teachers eg achievement of Professional Competence, withdrawal from accreditation, returning from leave of absence, mutual recognition
- further refinement of the on-line processes for applying for initial accreditation and logging of continuing professional development
- ongoing refinement of on-line processes to support teachers applying for accreditation at Professional Accomplishment and Professional Leadership
- invoicing and collection of accreditation fees.

MANAGEMENT AND STRUCTURE

Board of Governance

The Board was established to:

- oversee the functions, finances, strategic direction and operations of the Institute
- monitor the management and performance of the Institute
- govern the affairs of the Institute.

The current Chair, Emeritus Professor Philip Foreman, was appointed by the Minister for Education and Training in November 2007.

The terms of the other three appointed members finish in December 2010.

Members

Emeritus Professor Philip Foreman Chair NSW Institute of Teachers	Bachelor of Arts, Master of Letters, Master of Education, Doctor of Philosophy, Fellow of the Australian Psychological Society
Mr Patrick Lee Chief Executive NSW Institute of Teachers	Bachelor of Arts, Bachelor of Theology, Graduate Diploma of Education, Master of Education Studies
Ms Jenni Neary	Bachelor of Arts, Diploma of Education, Fellow of the Australian Institute of Company Directors
Ms Penny Morris	Bachelor of Architecture (Hons), Master of Environmental Science, Diploma of Company Directorship Fellow of the Australian Institute of Company Directors Fellow of the Royal Australian Institute of Architects
Mr John Azarias Senior Partner Deloitte Touche Tohmatsu	Master of Laws Associate Member of the Institute of Chartered Accountants

Meetings

Four Board meetings were held in the 2009/10 financial year.

Below is a list of meetings attended by each Board member.

Member	Eligible Meetings	Meetings Attended
Philip Foreman	4	4
Patrick Lee	2	2
Jenni Neary	4	4
Penny Morris	4	4
John Azarias	4	4

Quality Teaching Council

The *Institute of Teachers Act 2004* established the Quality Teaching Council to be the Institute's principal source of advice on educational and professional issues.

Membership of the Council comprises the Chair, ten members appointed by the Minister and ten members elected by the profession.

Elections for the Quality Teaching Council are governed by the *Institute of Teachers Amendment (Elections) Regulation 2005*. Elections for the second three year term of the Council were conducted in the first half of 2009.

The Minister appointed the remaining members in June 2009.

The Council commenced its second term in July 2009.

Composition of the Quality Teaching Council

Appointed Members

Position	Name
Chair	Professor Philip Foreman
Nominee of the NSW Teachers Federation	Mr Robert Lipscombe
Nominee of the NSW/ACT Independent Education Union	Ms Sandra White
Nominee of the Board of Studies	Ms Carol Taylor
Nominee of the Director-General of Education and Training	Mr Des Gorman
Nominee of the Catholic Education Commission, NSW	Ms Elizabeth O'Carrigan
Nominee of the Association of Independent Schools of NSW	Ms Estelle Lewis

Nominee of the Minister representing the interests of parents of school-age children	Ms Sue Boudakin
Nominee of the NSW Teacher Education Council	Professor Marea Nicholson
Two nominees of the Minister representing the interests of teachers (at least one a member of the Professional Teachers' Council of NSW)	Ms Karen Buck Vacant

Elected Members

Electoral College	Name(s)
Government school teachers	Mr Ben Ballard Ms Pamela Gregg Mr John Morris Ms Karen Smith Mr Stephen Storey
Government primary school principals	Ms Janet Chan
Government secondary school principals	Ms Dianne Hennessy
Catholic systemic school teachers	Ms Elizabeth Ovens
Catholic systemic school principals	Mr Daniel Delmage
Independent school teachers and principals	Mr Michael Turner

KEY ACHIEVEMENTS AND INITIATIVES

The work of the Institute is organised around four key areas:

- Standards and Accreditation
- Initial Teacher Education
- Professional Learning
- Corporate Services.

In addition, officers of the Institute have been actively involved in the national processes designed to develop and implement a nationally consistent framework for the regulation/accreditation of the teaching profession. An extra section provides a summary of this work up until 30/6/2010.

Standards and Accreditation

Procedures have been established across all schools in NSW to support mandatory teacher accreditation.

The *Teacher Accreditation Manual* is distributed to all schools in NSW to support the implementation of this core function. The Manual is a compendium of the Professional Teaching Standards, accreditation policies and support material developed by the Institute in consultation with teachers and stakeholders.

All teachers accredited with the Institute receive an Information Pack in the form of a mini CD. This CD contains electronic copies of:

- the Professional Teaching Standards
- *Information for New Scheme Teachers*
- support material for casual and returning teachers
- a set of Frequently Asked Questions.

Members of the Institute staff gave over 50 presentations concerning accreditation to teachers, teacher employers, consultants and stakeholders across NSW during the 2009/10 financial year.

Accreditation at Professional Competence

Following accreditation at the point of employment/approval to teach (see Corporate Services), new scheme teachers must demonstrate to their teacher accreditation authority¹ that they meet the Standards for Professional Competence.

Professionally competent teachers have demonstrated successful teaching experience. They effectively monitor, evaluate and plan for learning. They are able to tailor teaching programs to meet the needs of individuals and groups within the class.

These teachers have a record of effective and ongoing professional learning. They work collegially and in teams to further enhance their professional practice. They take responsibility for collaboration with others to identify and address their own learning needs.

They are effective members of a school and its broader community and interact effectively with stakeholders.

The maximum time that teachers have to achieve Professional Competence depends on the nature of their employment and whether they are provisionally or conditionally accredited. This is summarised in the table right:

¹ Teacher accreditation authorities (TAAs) at the point of Professional Competence vary according to system/sector. In government schools they are School Education Directors, in Catholic systemic schools they are usually a senior officer at the Diocesan school office and in independent schools they are usually the principal or the head of school. In some cases, small independent schools have nominated the NSW Association of Independent Schools as their TAA.

	Provisional Accreditation	Conditional Accreditation
Permanent full-time employment	3 years	4 years
Part-time, temporary or casual employment ²	5 years	6 years

Achievement of the Standards at Professional Competence is designed to be a formative, developmental process, attained over time. It is expected that school personnel support beginning teachers during this process, including regular lesson observations and meetings with the supervisor or mentor.

Once a teacher achieves Professional Competence, a report written by his or her supervisor and endorsed by the relevant teacher accreditation authority is forwarded to the Institute together with documentary evidence of the teacher's work.

The Institute issues a letter of acknowledgement to the teacher and sends a certificate signed by the Chair to the relevant teacher accreditation authority to be countersigned and presented to the teacher concerned.

Three thousand, two hundred and eighty-four³ certificates for Professional Competence were issued to teachers in the 2009/10 financial year. A further 380 teachers were granted accreditation at Professional Competence in 2009/10 through mutual recognition with other states and territories. A total of 11,478 teachers have been accredited at Professional Competence since the establishment of the Institute.

The first half of 2010 marked the time that most of the teachers who were the first teachers to be accredited at the point of employment/approval to teach, were due to achieve accreditation at Professional Competence. In recognition of the possibility that some of these teachers were still unaware of accreditation requirements, the Quality Teaching Council recommended that a strategy be developed to assist these teachers.

In early December a letter was sent to 1,255 teachers who were initially accredited in the first half of 2005, had not yet achieved accreditation at Professional Competence and were, according to Institute records, actively teaching in NSW. This letter offered a 26 week extension of time on the proviso that increased efforts were made to finalise the accreditation process. A further 90 teachers were contacted with a similar offer in early 2010.

Nine hundred and eighty-two teachers responded to the letter and over 500 teachers received an extension of time. Some of these extensions were augmented by an application of retrospective leave of absence to a teacher's record. By 30 June 2010, 222 of these teachers had achieved accreditation at Professional Competence.

Quality assurance of accreditation decisions

The Institute does not alter the teacher accreditation authority's accreditation decision. The Institute will return an Accreditation Report to the teacher accreditation authority only if it breaches the Institute's guidelines, for example, the report is based on the Graduate Teacher Standards instead of the Standards for Professional Competence.

The Accreditation Reports and documentation are used in a quality assurance process to ensure that the Standards are being applied consistently and fairly across the state.

Experienced teachers across all sectors apply to be external assessors of the Accreditation Reports. These teachers attend a two day training course. On the first day of training, teachers read cross-sectoral samples of accreditation reports and establish statewide benchmarks for their stage or subject area. On the second day, they review reports received at the Institute in their stage or subject area.

Following the course, external assessors review approximately 20 Accreditation Reports a year. It is an aim of the Institute to cultivate a culture of responsibility for supporting a quality process by the teaching profession for the teaching profession. The position of external assessor is one strategy designed to foster this as well as providing a quality assurance process for accreditation at Professional Competence.

Twenty external assessors were trained in September 2009, making a total of 204 teachers trained since the process began in November 2006. A total of 1,803 Accreditation Reports were reviewed during the financial year. These reviews inform reports to teacher accreditation authorities concerning the accreditation process at Professional Competence.

Voluntary accreditation at the higher levels

Voluntary accreditation at the higher levels is available to all teachers, including "existing teachers"⁴ for whom accreditation at Professional Competence is not mandatory.

² The Institute is able to extend the maximum period for these teachers in cases of genuine hardship.

³ Due to processing procedures, this figure contains some certificates issued to teachers who achieved Professional Competence in 2008/09. Some teachers who achieved accreditation at Professional Competence towards the end of 2009/10 are not included in this figure.

⁴ Existing teachers are those teachers who possess approved qualifications, who taught in a NSW school prior to October 2004 and have not had a break of five or more years from teaching.

There are two higher levels in the Professional Teaching Standards – Professional Accomplishment and Professional Leadership. The Standards for these levels were approved by the then Minister in May 2006.

Professionally accomplished teachers are highly skilled and successful practitioners. They are recognised by other teachers as having in depth subject knowledge and pedagogy. They keep abreast of and contribute to professional learning and dialogue and contribute to the professional learning of others.

They engage in educational and professional discussions and debates. They recognise their role in contributing to the professional learning of others including mentoring beginning teachers.

These teachers are advocates for the profession and their school. They communicate effectively to diverse audiences. They interact professionally with the community.

Professional teacher leaders have a record of outstanding teaching and are committed to enhancing the quality of teaching and learning. They are committed educators who can articulate a vision of education to their students, peers, the profession and the wider community.

They may be employed in formal leadership positions within schools.

They are knowledgeable about the latest developments in pedagogy and can apply those developments to unique student contexts. They have outstanding interpersonal and leadership skills. These skills are underpinned by principles of fairness, compassion and integrity.

They recognise the talents of others and promote and encourage those people to achieve their potential. They apply critical analysis and problem solving skills to educational matters.

They engage in professional learning and facilitate and support the professional learning needs of others, particularly induction programs for beginning teachers. They communicate effectively with the community to support the development of the school and promote student learning.

The process for accreditation at these two levels is necessarily more complex and demanding than accreditation at Professional Competence. In addition, the process has a different structure to that of accreditation at Professional Competence.

The key features of the process include:

- a preliminary application to identify those applicants who have the potential to meet the requirements for accreditation
- criteria to support the determination of teacher accreditation authorities
- the identification of multiple sources of evidence, including observation of teaching
- the establishment of a committee to support moderation of judgement across teacher accreditation authorities.

Teachers select evidence for their accreditation submissions based on evidence guides at the two levels.

The sources of evidence for the accreditation decision are:

- documentary evidence – evidence that the teacher has personally developed or substantially refined
- referee reports – confirmation of the teacher's achievement of the Standards by a range of witnesses
- external observation – undertaken by external observers trained and managed by the Institute.

Each teacher submission and application is hosted on the Institute's website. The teacher is able to complete online pro-formas and attach associated evidence to the pro-formas. Both referees and external observers are able to complete online reports to support the accreditation submission.

The application fees for teachers are derived from costs arising from the process.

In the 2009/10 financial year 242 preliminary applications for accreditation at Professional Accomplishment and 169 preliminary applications for Professional Leadership were assessed.

Following a preliminary assessment 62 teachers have commenced submissions for accreditation at the higher levels. External observations have been completed for six of these candidates.

On 24 June 2010, the Quality Teaching Council endorsed a scoping paper to inform the development of a policy for the requirements of maintaining accreditation at the two higher levels. The paper outlined the issues that the policy will address, the principles that will underpin the policy and the process and timeline for the policy's development.

Initial Teacher Education

Initial teacher education program approval process

Under Section 20 of the *Institute of Teachers Act 2004*, the Minister for Education and Training approves programs of Initial Teacher Education (ITE) against the Graduate Teacher Standards.

The Graduate Teacher Standards comprise the knowledge, skills and capacities required of teachers when they commence teaching.

The Minister approved the Institute's Policy and Procedures for Approval of *Initial Teacher Education Programs* in July 2006.

The Policy is designed to ensure that:

- the process of approval ensures a clear and consistent understanding regarding expectations of initial teacher education programs
- the approval of ITE programs proceeds effectively and efficiently to meet NSW legislative requirements.

The Policy provides for the approval of initial teacher education programs by the Minister on the advice of the Institute's Initial Teacher Education Committee (ITEC).

The Initial Teacher Education Committee carries responsibility on behalf of the Quality Teaching Council (QTC) to:

- oversee the process of approval of initial teacher education programs
- identify and manage ITEC panels to review applications for the approval of programs
- monitor and moderate the process of approval of programs to support consistency of processes and outcomes
- investigate and resolve identified areas of concern in relation to approval of programs
- advise and support teacher education institutions in relation to the Graduate Teacher Standards and applications for approval of an initial teacher education program
- evaluate the impact and usefulness of the Graduate Teacher Standards for new scheme teachers during their first year of teaching for the purpose of reflecting on the initial teacher education experience
- collect data and promote research with a local, national and international focus in relation to demonstration of Graduate Teacher Standards

- make recommendations through the Chair of the Institute to the Minister for approval of teacher education programs
- advise the QTC on its work in approving programs and broad matters related to initial teacher education.

The ITEC is appointed by the QTC for a three year term broadly co-inciding with the tenure of the QTC.

Membership of the ITEC comprises:

- three nominees of the QTC
- a representative of the NSW Vice-Chancellors' Committee
- a representative of a NSW university offering initial teacher education programs
- at least one representative of the NSW Teacher Education Council
- three practising teachers with understanding of professional experience in initial teacher education programs, ensuring breadth of representation – for example, primary, secondary, government and non-government, rural and socio-economic status
- a representative of an employing authority
- the Manager, Initial Teacher Education, or another member of Institute staff, as executive officer.

The ITEC met on seven occasions during 2009/10.

ITE programs are assessed by panels appointed by the ITEC on the basis of the Graduate Teacher Standards and approval is for a maximum of five years. Substantial changes to a program will require referral to the Institute for reconsideration.

Each panel includes:

- a school principal or school executive teacher
- two external experts from equivalent initial teacher education programs
- at least one practising teacher with appropriate expertise
- an appropriate curriculum specialist with knowledge of the Board of Studies NSW curriculum
- the Manager Initial Teacher Education, or another member of Institute staff, as executive officer.

Panel members are drawn from a pool of eligible teachers and teacher educators who have expressed interest in being on panels.

During 2009/10, 31 panels assessed 69 separate programs of initial teacher education. Of the 158 programs assessed

since 2007, 105 have now been approved by the Minister. Sixty-two of these approvals occurred in 2009/10. Approval is pending for the remaining programs subject to the successful resolution of issues raised by the assessment panel.

Transitional approval of current programs

In 2007 consultation with teacher education institutions and other stakeholders occurred to develop a schedule of transitional arrangements for approval of current initial teacher education programs. These transitional arrangements provided a defined timeframe from 2008 to 2010 for the review of all existing teacher education programs and their submission to the Institute for formal approval. 2010 is the final year of this three year cycle of review of all existing initial teacher education programs.

Continuing Professional Development

Sections 7 and 20 of the *Institute of Teachers Act 2004* require advice to be provided to the Minister for Education and Training on the approval of continuing teacher education providers, courses and programs for the purpose of accreditation against the Professional Teaching Standards.

The Institute developed a *Continuing Professional Development Policy: Supporting the Maintenance of Accreditation at Professional Competence* to deal with this section of the Act. The Minister approved this policy in October 2005.

The policy provides a framework to better support the allocation of existing resources to meet the needs of teachers, including the maintenance of accreditation at Professional Competence.

All teachers who complete accreditation at Professional Competence receive a booklet *Maintenance of Accreditation at Professional Competence*, an updated version of the pamphlet *Your Continuing Professional Development*. This booklet summarises the requirements for maintaining accreditation at Professional Competence including the maintenance of accreditation report and continuing professional development. This booklet is also forwarded to teachers accredited through mutual recognition.

Once accredited at Professional Competence, teachers must undertake a minimum of 100 hours of professional development over a five year period. Fifty hours of this must be courses registered with the Institute. The other fifty hours are identified by individual teachers but must be linked to the Standards. This is defined as teacher identified continuing professional development.

Teachers undertaking post-graduate study relevant to their teaching can apply to have this recognised as continuing professional development. During 2009/10 *The Further Undergraduate Studies and Postgraduate Studies Policy – Supporting the Maintenance of Accreditation at Professional Competence* was implemented fully. One hundred and fifty nine applications have been received for the recognition of further undergraduate studies and postgraduate studies being undertaken (final approval is given on successful completion of the studies).

The Minister has delegated to the Chief Executive the function of approval of providers of continuing professional development. Endorsement of these providers indicates the quality of courses and programs on offer and reflects the capacity of the provider to deliver these programs.

The Professional Learning Endorsement and Advisory Committee

At the end of 2006 the Institute established the Professional Learning Endorsement and Advisory Committee (PLEAC).

The PLEAC works to a Quality Teaching Council (QTC) endorsed plan and is responsible for providing advice to the QTC regarding:

- the endorsement of professional learning providers for the purpose of registering courses
- the renewal of provider endorsement
- the deregistration of courses and programs where appropriate
- teacher input and evaluation data regarding Institute registered courses
- support of continuity and coherence between induction and continuing professional development for the maintenance of accreditation at the level of Professional Competence
- research and knowledge in the area of professional learning.

Membership of the PLEAC comprises:

- three members of the QTC with experience in the development and delivery of high quality continuing professional development
- one person drawn from each of the government, Catholic systemic and independent school sectors with experience in the development and delivery of high quality continuing professional development

- two experts in the development and delivery of high quality continuing professional development
- the Manager, Professional Learning.

The PLEAC met six times in 2009/10 and:

- considered 48 applications
- recommended 29 providers for endorsement
- recommended the extension of the scope of endorsement for 12 providers
- considered the process for review of providers and their courses and programs
- considered matters relating to teacher professional development requirements for the purpose of accreditation.

A range of small, medium and large professional development providers was endorsed during 2009/10 including:

- Wide World – the professional development arm of the Graduate School of Education, Harvard University
- the Australian Autism Education and Training Consortium
- School of Language and Cultures, University of Sydney
- School of Education, Australian Catholic University
- Sydney Writers Festival
- the National Institute of Dramatic Art
- TAFE NSW.

Previously endorsed providers include the NSW Department of Education and Training, the Association of Independent Schools of NSW, Catholic Education/Schools Offices, Bell Shakespeare, Principals Australia and the Professional Teachers Council NSW.

As at 30 June 2010, 116 professional development providers have been endorsed by the NSW Institute of Teachers.

Over 5,000 courses and programs and over 9,000 sessions have been registered and details made available through the teacher account facility.

On-line Professional Learning Logs

The 2009/10 financial year saw the continued implementation of electronic professional learning logs for teachers accredited at Professional Competence.

After logging into their account, teachers are able to:

- browse Institute Registered courses and programs using various filters such as provider, stage and syllabus. Course information includes links to the provider's website so that teachers can apply to enrol in a course or program
- maintain a log of their continuing professional development. Providers confirm participation in Institute Registered professional development and teacher accreditation authorities or their delegates confirm completion of Teacher Identified professional development
- view their professional development progress. This report indicates where requirements have been fulfilled and where they are still incomplete
- evaluate Institute Registered professional development. This must occur before participation in a course counts towards the mandatory hours.

There is a capacity for providers to bulk upload their Institute Registered courses and programs.

Providers have been able to validate teacher participation in Institute Registered professional development since 2008.

Teacher accreditation authorities, their delegates and principals have been able to access the Institute's online database to monitor and validate professional development for teachers accredited at Professional Competence since 2009. They are also able to look up the database to find endorsed providers and to find Institute Registered courses and programs.

During 2009/10 specific support material for teacher accreditation authorities and their delegates was developed and distributed.

Institute officers gave 20 presentations to teachers, supervisors and principals on the professional development requirements for maintaining accreditation at Professional Competence.

Becoming a NSW Institute of Teachers' Endorsed Provider of Institute Registered Professional Development manual

In order to support providers of professional development in gaining endorsed status, the Institute has developed a manual and an application form for providers who wish to apply for endorsement. On the basis of feedback from providers and advice from the Professional Learning Endorsement and Advisory Committee, the manual was revised in 2009/10.

The manual highlights:

- the role of the Institute of Teachers
- the purpose of endorsement of providers and the purpose of registration of courses and programs
- the conditions for endorsement
- the steps involved in applying to be an Institute endorsed continuing professional development provider.

The manual is distributed to providers who wish to gain Institute endorsement and is also available on the Institute's website.

The Institute of Teachers' Endorsed Provider of Registered Professional Development manual

The Institute developed this manual to support endorsed providers in the online registration of their courses and programs and the online validation of teacher participation in their courses.

The manual highlights:

- the purpose of provider endorsement and the purpose of registration of courses and programs
- conditions of Institute of Teachers' endorsement as a provider of Institute Registered professional development
- the process of registration of courses and programs
- the process of validating participation in professional development
- the role of teacher evaluation of Institute Registered professional development.

The manual incorporates screenshots to assist providers in using the Institute's online database. It is distributed to providers when they are endorsed by the NSW Institute of Teachers.

During 2009/10 Institute officers gave seven presentations to prospective and existing professional development providers.

Corporate Services

The Institute's internal financial, information technology and human resource functions are undertaken within the Corporate Services activity area.

The Institute continues to assure sound administrative and financial management structures to support the core functions of the organisation in a cost-effective and efficient manner. This is achieved with the use of its electronic accounting system that is compatible with the Institute's customer relationship management system and other relevant systems such as corporate banking files and the payroll systems. Essential data is easily recorded and reports are extracted that inform strategic and operational planning. Streamlining processes and training staff accordingly was a priority in 2009/10.

In 2009/10, the Institute also implemented its internal audit and risk management framework in accordance with directions from the Department of Premier and Cabinet.

A complete re-write of the on-line eligibility submission process was completed during 2009/10. The new version simplifies the application process for prospective teachers by providing an intuitive and graphical interface for capturing the applicant's information. Also implemented was a new interface for teacher accreditation authorities (TAAs) which provides a TAA with more detailed information on teachers and a simpler way of processing accreditation. The NSW Department of Education and Training is now using this on-line facility thereby reducing workloads and delays in information transfer.

Further developments to the functionality of the Professional Development and Higher Level Submission functions have been introduced. Information in these areas is now more timely and accessible.

Considerable effort has been expended on the cleansing and adding of information stored on the Institute's systems. The Institute's database now contains a comprehensive record of teachers and their accreditation information. The TRIM Electronic Document Management (EDM) project has passed the testing stage and is now being introduced into the Institute's daily document processing.

A planned upgrade of the computer infrastructure has been completed. This will ensure that the Institute has the capacity and ability to provide acceptable levels of performance now and into the foreseeable future.

Provisional/conditional accreditation at the point of employment/approval to teach

All teachers first employed in NSW schools from 1 October 2004, or returning to teaching after an absence of five years or more, must be accredited. These teachers are classified as new scheme teachers.

On employment, new scheme teachers are to be provisionally or conditionally accredited by teacher accreditation authorities on the basis of their initial teacher education qualifications.

Teachers are provisionally accredited if they have completed an approved program of initial teacher education from NSW, other Australian states and territories or overseas.

Decisions to conditionally accredit teachers are based upon the teacher holding a subject degree only or having substantially completed a course of teacher education.

Conditionally accredited teachers must agree to gain a teacher education qualification or its equivalent, or to complete their current program. Ultimately they will also need to meet the Standards for Professional Competence.

At the beginning of 2009 a team of qualification assessment officers transferred from the NSW Department of Education and Training (DET). This team is responsible for reviewing non-government initial accreditation decisions, issuing statements of eligibility for teachers seeking employment in the government school sector and applying mutual recognition policy.

Between 1 July 2009 and 30 June 2010 inclusive, 6,019 teachers were provisionally accredited and 724 teachers were conditionally accredited (these figures include 380 interstate teachers who were granted accreditation at Professional Competence).

On initial accreditation, all teachers receive a welcome letter, and a mini CD containing the Professional Teaching Standards, the booklet *Information for New Scheme Teachers*, a brochure *Advice for casual temporary and part-time teachers*, and *'Frequently asked questions'*.

As at 30 June 2010, there were 25,295 conditionally or provisionally accredited new scheme teachers in New South Wales – this includes teachers who were on a temporary leave of absence from accreditation.

An audit of compliance with initial accreditation requirements was commenced at the beginning of 2009. All non-government teacher accreditation authorities (TAAs) were issued with a list of teachers initially accredited by them, with a request to review to ensure all relevant teachers were accredited.

Due to its size and tardy returns (47 per cent of independent TAAs responded to the audit by the due date) the audit has evolved into an ongoing activity, where returns are processed in order of receipt. By the end of the 2009 calendar year, returns had been received from 269 independent schools (78 per cent of the cohort). Follow-up was required with 104 of these schools.

The 69 schools that had failed to respond to the 2009 audit were targeted for the 2010 audit. One other school whose 2009 response was inadequate was also included. To facilitate processing, schools were sent the audit materials in a staggered rollout. By 30 June, 23 schools of the 48 schools whose returns were due had completed the audit. Follow-up was necessary with 13 of these schools.

Although the audit is still incomplete, there is an increasing understanding of accreditation requirements and a corresponding increase in compliance with the *Institute of Teachers Act 2004*.

The Institute works closely with the NSW Board of Studies in its role of registering non-government schools in relation to monitoring compliance with teacher qualification requirements. A Memorandum of Understanding concerning the exchange of information has been signed with the Board. This facilitates the review of teacher qualifications when a school's registration is due for renewal.

Publications

The Institute has distributed a number of electronic publications to accredited teachers, schools and teacher accreditation authorities in NSW. In 2009/10 these included:

- The Digest – a 12-14 page document focussing on current research on a single education issue. Topics in 2009/10 were *Talking to learn: dialogue in the classroom*, *Successful professional learning* and *Language in the mathematics classroom*
- The Spray – a 6-7 page document presenting the views of two commentators on a single topic of relevance to education in NSW. The topic of the issue distributed in 2009/10 was *Teacher effects: How real are they?* The two contributors were Brian Byrne, Professor of Psychology at the University of New England and Professor Stephen Dinham, Research Director of the Australian Council for Educational research

- *Inside Teaching* – a lively, magazine style journal, published quarterly, and comprising a blend of practical information, latest research, and discussions on current issues facing the teaching profession. The inaugural edition was distributed in April 2010 and the second in June 2010.

Additionally, the Institute is developing an occasional publication focussing on a topic at a time. Semi-regular articles summarise the state of research, highlighting the findings of most relevance to the work of teaching. The first article was made available in August 2009 and discussed the necessity of pedagogical content knowledge.

National Developments

The Australian Institute for Teaching and School Leadership (AITSL)

AITSL held its first meeting on 8 and 9 February 2010. The Chief Executive, Patrick Lee, represents NSW on the AITSL Board of Directors.

An eighteen month work plan was developed with a focus on finalising the national standards, finalising the pre-service teacher training approval system and developing a framework of consistency in accreditation processes at all levels.

AITSL has established two committees to develop advice on various aspects of the national system – the Standards and Accreditation Standing Committee and the Professional Learning, Research and Innovation Standing Committee.

The Standards and Accreditation Standing Committee is responsible for progressing work on the National Professional Teaching Standards and a national initial teacher education accreditation system.

Draft national professional standards for teachers were developed under the auspices of the National Standards Sub-group. A process for stakeholder and public consultation was devised and commenced in March 2010. Consultation responses were submitted to the Ministerial Council on Education, Early Childhood Development and Youth Affairs (MCEECDYA) on 21 May 2010.

A meeting of the National Standards Subcommittee (NSS) was held on 2 June. The meeting agreed that a report would be written on the consultation and that the draft Standards would be rewritten using a single writer. The writer would consider the feedback from the consultation in the rewrite.

MCEECDYA requested AITSL to consider a number of specific requirements in the development of national program standards for initial teacher education programs.

The Preservice Teacher Education Working Party, chaired by Patrick Lee, is developing advice on initial teacher education program requirements and a mechanism for program approval. A consultation paper will be finalised in July 2010.

The Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC) is considering strategies to achieve nationally consistent registration of teachers, including common requirements for the initial registration/accreditation of teachers, and policy or legislative changes for their achievement.

There is common agreement about a range of requirements including:

- qualifications for entry into the teaching profession
- English language knowledge and skills
- participation in continuing professional development.

AEEYSOC will consider a paper in July 2010 that describes a three stage process for the implementation of the framework comprising:

Stage 1: by the end of 2010 all jurisdictions agree to implement a series of agreed changes that do not require legislative change;

Stage 2: the National Professional Standards for Teachers and the national approach to the accreditation of pre-service teacher education programs are agreed on and will underpin the teacher registration framework.

Stage 3: In 2012 bodies will move towards making legislative changes to include:

- demonstrating proficiency at least every 5 years as a requirement of accreditation/registration
- demonstrating common principles for the assessment of teachers for full accreditation/registration.

GOVERNMENT POLICIES AND REQUIREMENTS

Legislative Changes

On 3 February 2010 the following amendments were made to the *Institute of Teachers Regulation 2005*:

- (i) the annual accreditation fee was increased to \$100
- (ii) the application fee for a preliminary assessment for accreditation at Professional Accomplishment and Professional Leadership was increased to \$65.00
- (iii) the full application fee for accreditation at Professional Accomplishment was increased to \$605.00
- (iv) the full application fee for accreditation at Professional Leadership was increased to \$715.00⁵.

Staffing

As at 30/6/10, 33 positions were filled. Casual support staff is employed on a needs basis. On 30/6/10, six casuals were employed.

An organisation chart is attached at Appendix A.

Filled positions as at 30 June for the following years were:

Category	2006/07	2007/08	2008/09	2009/10
SES Level Four	1	1.2	1.2	1.2
Senior Officer Level 3	1	3	3	2
Senior Officer Level 2	3	1	1	1
Chief Education Officer	–	2	1	1
Senior Education Officer 2 Clerk 11/12	8	7	7	8.6
Senior Education Officer 1 Clerk 9/10	2	2	4	7
Clerk 7/8	2	2.2	2.2	1.4
Clerical Officer 7/8	1	1	1	1
Clerk 5/6	2	2	1	3
Clerical Officer 5/6	3	3	3	2
Clerk 3/4	–	–	–	2
Clerical Officer 1/2	–	–	–	3

In 2009/10 two of the 4.2 executive positions were filled by female officers. In 2008/09, two of the 5.2 executive officer positions were female and in 2007/08, one out of 5.2 was female.

Consultants

The Digest

The Australian Council for Educational Research (ACER) has been commissioned to develop periodic digests of current research, each focused on a single issue. Three digests were made available electronically in 2009/10 to accredited teachers. Cost: \$66,000 plus GST.

The Knowledge

ACER has been commissioned to produce an occasional publication addressing current topical issues in education of interest to NSW teachers

Two editions of the Knowledge were made available electronically in 2009/10 to accredited teachers. Cost: \$24,000 plus GST.

The Spray

ACER has been commissioned to develop an occasional publication in which each edition addresses a single topic of relevance in New South Wales by publishing the differing views of two commentators.

Three issues of the Spray were commissioned in 2009/10 and made available electronically to accredited teachers. Cost: \$21,000 plus GST.

Inside Teaching

ACER was commissioned to produce for the Institute as a member of ATRA two editions of a magazine style journal, published quarterly, which brings you a blend of practical information, latest research, and discussions on current issues facing the teaching profession. Cost: \$17,084 + GST.

Modifications to the Electronic Teacher Accreditation Management System (eTAMS)

- (i) Phase 3 Project

The Blue Arc Group was contracted to provide more user friendly navigation for clients, implementing a new Teachers Eligibility form to facilitate storage and retrieval of information, implement a new TAA functionality to review eligibility forms and managing common information for user in a central dashboard. Cost: \$87,220 plus GST.

⁵ The increase in fees in points (ii) – (iv) were for implementation in the 2010/11 financial year.

(ii) Phase 5 Project

The Blue Arc Group was contracted to improve the online TAA PA/PL and PA/PL Preliminary and Accreditation submissions processes by providing a more user friendly navigation and flexible information inclusions and deletions. Cost: \$29,700 plus GST.

Hardware Maintenance

Interactive was contracted to supply critical HP Server maintenance services in order to ensure business continuity in case of hardware failure. Cost: \$8,160 + GST.

Maintenance agreement for the air conditioner in the server room.

Cost: \$1,602 + GST

Equal Employment Opportunity

The Institute has complied with the Equal Employment Opportunity annual reporting requirements. Data supplied by the Public Sector Workforce Branch, Department of Premier and Cabinet is attached at Appendix B.

Disability plan

The Institute has developed its disability plan which includes ensuring that the Professional Teaching Standards covers the education of students with a disability.

Overseas visits

No overseas visits were undertaken by Institute employees during 2009/10.

Consumer response

Teachers, prospective teachers, teacher employers and stakeholders generally contact the Institute through the freecall number 1300 739 338, the generic email address contactus@nswteachers.nsw.edu.au or the designated contact form available on the Institute's website www.nswteachers.nsw.edu.au.

Except in times of high demand, the turnaround time for electronic queries is generally less than a week.

Now in its sixth year of operations, there has been a gradual acceptance from new scheme teachers of accreditation requirements. A minority of accredited teachers raise the issue that not all of the NSW teaching workforce need to be accredited.

Payment of Accounts

Schedule of Accounts Paid on Time	Qtr	Qtr	Qtr	Qtr
	Ended Sep-09	Ended Dec-09	Ended Mar-10	Ended Jun-10
	\$'000	\$'000	\$'000	\$'000
Total Accounts Paid	310	289	206	260
% accounts paid on time	100%	100%	100%	100%

Risk management and insurance activities

The Institute's risk management strategy was first developed in 2006 at the request of the Board of Governance.

As part of the strategy a risk management plan is reviewed and endorsed by the Board on an annual basis.

The risk management plan was last reviewed by the Board in December 2009.

The internal audit and risk management policy attestation is attached at Appendix C.

Multicultural policies and services

The major multicultural priority for the Institute has been issues associated with the recognition of overseas teachers' qualifications.

The establishment of the accreditation eligibility team has meant that prospective overseas teachers receive timely and accurate advice about the adequacy of their qualifications to teach. Prospective teachers whose qualifications do not meet the criteria required are also provided with advice concerning what extra study will enable them to be eligible to teach in NSW.

The Institute is part of a project to establish a national database of overseas teaching qualifications. This will increase consistency of teaching eligibility decisions and enhance the portability of overseas teachers' qualifications.

A second priority concerns issues relating to the Professional Teaching Standards dealing with the teaching of students from diverse backgrounds. University programs of initial teacher education only receive approval if the Standards relating to the teaching of students from diverse backgrounds are addressed. The Institute has been active in ensuring that the draft national teaching standards include addressing the needs of students from diverse backgrounds.

The Institute is a partner organisation with the University of Western Sydney and the Department of Education and Training in a proposed project *Rethinking Multiculturalism/ Reassessing Multiculturalism*. This study will enable the Institute to participate in the development of relevant and contemporary research on teacher practice relating to multicultural education.

The Institute is also considering a process whereby the evidence submitted in Professional Competence Accreditation Reports is monitored for the frequency of the Standards that are addressed, and their quality.

Privacy management plan

The Institute collects and holds comprehensive information concerning accredited teachers which is detailed in the *Institute of Teachers Regulation 2005*.

During 2005/2006 the Institute developed and implemented a Privacy Statement. The Privacy Statement was adhered to by all staff and no Part 5 section 53 review under the *Privacy and Personal Information Protection Act 1998* was required in 2009/10.

Occupational health and safety

One workplace accident occurred during 2009/10.

Freedom of Information

No requests for information under the *Freedom of Information Act 1989* were received in 2009/10.

Waste and energy management

The Institute completed its NSW Government Waste and Reduction and Purchasing Policy return and forwarded it to the Department of Environment and Conservation (NSW).

The Institute:

- uses its website as its main means of publication
- encourages the use of email in communicating with teachers and teacher accreditation authorities
- encourages double sided printing
- recycles waste paper
- purchases recycled paper for office use
- recycles toner cartridges
- uses power stand-by on photocopiers and facsimile machines.

The Digest, *The Knowledge* and *The Spray* are delivered electronically.

Corporate credit card certification

In accordance with the requirements set down in Treasurer's Direction 205.01 concerning the use of corporate credit cards, the Chief Executive has certified that corporate credit use by officers in the NSW Institute of Teachers during 2009/10 was in accordance with the Premier's Memoranda and Treasurer's Directions.

Budget Summary

Institute of Teachers Draft Budget	Estimate 2009/10	Estimate 2010/11
REVENUE		
Total Government funding	557,561	595,000
Other income, fees and charges	3,940,194	4,666,650
Crown Advance		
TOTAL REVENUE	4,497,755	5,261,650
EXPENSES		
Personnel Services	5,383,425	5,026,351
Expenses by cost centre		
General Expenses	1,260,551	1,503,541
Corporate Services	26,000	5,000
Standards & Accreditation	279,831	94,298
Initial Teacher Education	85,500	35,000
Professional Learning	26,600	22,138
TOTAL EXPENSES	7,061,907	6,686,328
Net Budget Surplus/(Deficit)	(2,564,152)	(1,424,678)
ACCUMULATED RESERVES/DEFICIT	5,292,533	3,867,855

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GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

NSW Institute of Teachers and Controlled Entity

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of NSW Institute of Teachers (the Institute), which comprise the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes for both the Institute and the consolidated entity. The consolidated entity comprises the Institute and the entity it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion the financial statements:

- present fairly, in all material respects, the financial position of the Institute and the consolidated entity as at 30 June 2010, and their financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Institute and its controlled entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of their internal controls.

Independence

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

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



Steven Martin
Director, Financial Audit Services

20 October 2010
SYDNEY



STATEMENT BY THE EXECUTIVE OF THE NSW INSTITUTE OF TEACHERS

Pursuant to Section 41c (1b) and (1c) of the Public Finance and Audit Act, 1983, we declare that in our opinion:

1. The accompanying financial report exhibits a true and fair view of the financial position of the NSW Institute of Teachers as at 30 June 2010 and transactions for the year then ended.
2. The report has been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983 and Regulation, and the Treasurer's Directions.

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

Handwritten signature of P. Foreman in black ink.

Emeritus Professor Phil Foreman
Chair
20 October 2010

Handwritten signature of Patrick Lee in black ink.

Mr Patrick Lee
A/Chief Executive
20 October 2010

Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	Consolidated		NSW Institute of Teachers	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Expenses excluding losses					
<i>Operating expenses</i>					
Employee related	3	3,893	3,008	4,678	4,239
Other operating expenses	5	1,415	1,781	1,415	1,781
Depreciation and amortisation	8	271	231	271	231
Auditors remuneration	15	23	21	23	21
Total expenses excluding losses		5,602	5,041	6,387	6,297
Revenue					
Grants and contributions	2(a)	1,790	2,215	1,790	2,215
Accreditation fees	2(b)	3,181	2,029	3,181	2,029
Other	2(c)	442	523	442	523
Total revenue		5,413	4,767	5,413	4,767
(Gain)/Loss on sale of asset		-	25	-	25
SURPLUS/(DEFICIT) FOR THE YEAR		(189)	(299)	(974)	(1,530)
Other comprehensive income					
Superannuation actuarial gains/(losses)		(785)	(1,231)	-	-
Other comprehensive income for the year		(785)	(1,231)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(974)	(1,530)	(974)	(1,530)

The accompanying notes form part of these statements

Statement of Financial Position

As at 30 June 2010

	Notes	Consolidated		NSW Institute of Teachers	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	6	6,911	6,294	6,911	6,294
Receivables	7	3,350	3,802	2,313	2,973
Total Current Assets		10,261	10,096	9,224	9,267
Non-Current Assets					
Leasehold improvements	9	127	183	127	183
Plant, furniture and equipment	9	241	246	241	246
Intangible assets	10	434	388	434	388
Other	11	198	113	–	–
Total Non-Current Assets		1,000	930	802	817
TOTAL ASSETS		11,261	11,026	10,026	10,084
LIABILITIES					
Current Liabilities					
Payables	12	108	198	108	198
Accreditation fees in advance	12	1,634	1,292	1,634	1,292
Provision for Teaching Relief	12	50	–	50	–
Provisions for personnel services	12	–	–	2,933	2,316
Provisions for employee entitlements	12	1,641	1,422	–	–
Deferred income	12	13	17	13	17
Total Current Liabilities		3,446	2,929	4,738	3,823
Non-Current Liabilities					
Provision for Employee Benefits	13	2,527	1,836	–	–
Total Non-Current Liabilities		2,527	1,836	–	–
TOTAL LIABILITIES		5,973	4,765	4,738	3,823
NET ASSETS		5,288	6,261	5,288	6,261
EQUITY					
Accumulated Funds		5,288	6,261	5,288	6,261
Total Equity		5,288	6,261	5,288	6,261

The accompanying notes form part of these statements

Statement of Changes In Equity

For the year ended 30 June 2010

Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2009	6,261	6,261
Surplus/(Deficit) for the year	(189)	(189)
Other comprehensive income:		
Superannuation actuarial gains/(losses)	(785)	(785)
Total other comprehensive income for the year	(974)	(974)
Balance at 30 June 2010	5,288	5,288

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2008	7,791	7,791
Surplus/(Deficit) for the year	(299)	(299)
Other comprehensive income:		
Superannuation actuarial gains/(losses)	(1,231)	(1,231)
Total other comprehensive income for the year	(1,530)	(1,530)
Balance at 30 June 2009	6,261	6,261

The accompanying notes form part of these statements

Statement of Cash Flows

For the year ended 30 June 2010

	Notes	Consolidated		NSW Institute of Teachers	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities					
Receipts					
Cash flows from Government		1,790	2,215	1,790	2,215
Accreditation fees		3,957	864	3,957	864
Other		442	736	442	736
Payments					
Suppliers and Employees		(5,318)	(5,114)	(5,318)	(5,114)
Net Cash Provided by/(Used in) Operating Activities	18(b)	871	(1,299)	871	(1,299)
Cash Flows from Investing Activities					
Purchases					
Leasehold Improvements, Plant, Equipment and Furniture		(78)	(52)	(78)	(52)
Intangible Assets		(176)	(184)	(176)	(184)
Net Cash Provided by/ (Used in) Investing Activities		(254)	(236)	(254)	(236)
Cash Flows from Financing Activities					
Cash flows from financing activities		-	-	-	-
Net Cash Provided by/ (Used in) Financing Activities		-	-	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		617	(1,535)	617	(1,535)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		6,294	7,829	6,294	7,829
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	18(a)	6,911	6,294	6,911	6,294

The accompanying notes form part of these statements

Notes to the Financial Statements

For the year ended 30 June 2010

1. SUMMARY OF ACCOUNTING POLICIES

a) Reporting Entity

The NSW Institute of Teachers (the Institute) was constituted under the *Institute of Teachers Act 2004* from 6 July 2004. Schedule 2 of the *Public Finance and Audit Act 1983* designates the Institute as a statutory body for reporting purposes.

The Institute, as a reporting entity, comprises all entities under its control, namely the Office of the Institute of Teachers (the Office).

The Office is a division of the Government Service, established pursuant to Schedule 1 to the *Public Sector Employment and Management Act 2002*. The objective of the Office is to provide personnel services to the NSW Institute of Teachers.

In the process of preparing the consolidated financial statements of the Institute and the Office, all inter-entity transactions and balances have been eliminated. The Institute is a not-for-profit entity (as profit is not its principal objective), with no cash generating units.

These consolidated financial statements for the year ended 30 June 2010 have been authorised for issue by the Executive on 20 October 2010.

b) Basis of preparation

The financial statements of the Institute are general purpose financial statements prepared in accordance with:

- applicable Australian Accounting Standards, which includes Australian Accounting Interpretations;
- the requirements of the *Public Finance and Audit Act 1983* and Regulation, and
- the financial reporting directions issued by the Treasurer.

Judgements, key assumptions and estimates 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.

c) Statement of compliance

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

d) Assets

The Institute shows Leasehold improvements, plant & equipment, furniture and fittings (Note 9) at historic cost less accumulated depreciation. This approximates the fair value of these assets.

The Institute recognises intangible assets only if it is probable that future economic benefits will flow to the Institute 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.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Institute's intangible assets, the assets are carried at cost less any accumulated amortisation.

e) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisition of assets controlled by the Institute. Cost is the amount 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 Australian Accounting Standards.

f) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$500 and above individually or forming part of a network costing more than \$500 are capitalised.

Notes to the Financial Statements

For the year ended 30 June 2010

g) Depreciation and amortisation

The Institute depreciates or amortises depreciable non-current assets on a straight line basis over their estimated useful life and over the term of the lease. The rates used are:

- Computer Hardware 33.3%
- Office Equipment 20%
- Intangible Assets - Software 20%
- Furniture and Fittings 10%
- Leasehold Improvements 20.3%.

h) Impairment of plant, furniture and equipment

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

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

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

- i) where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the acquisition cost of an asset or as part of an item of expense; or
- ii) for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flows statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

j) Income Recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

i) Grants and contributions

Grants and contributions are recognised as income when the Institute obtains control over the assets comprising the grants or contributions. Control over grants and contributions is normally obtained upon receipt of cash.

ii) Annual accreditation fees

Annual accreditation fees cover the period 1 January to 31 December. Only those fees that are attributable to the current financial year are recognised as income. Fees that relate to future periods are shown in the Statement of financial position as Accreditation fees in advance under current liabilities.

iii) Investment income

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

k) Employee Benefits and other provisions

i) Salaries and Wages, Annual Leave, Sick Leave and On Costs

All of the Institute's personnel service arrangements are provided by the Office.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are 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.

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.

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

Notes to the Financial Statements

For the year ended 30 June 2010

ii) Long Service Leave and Superannuation

Long Service Leave

The Office is a member of the Non-Budget Long Service Leave Pool and as such, makes contributions to the Pool, in accordance with NSWTC 09/04. The contributions are recognised as an expense. The present value of long service leave at reporting date is recognised as a liability and equivalent asset in the Statement of financial position. Long service leave payments to the employees are made by the Office, and the Office subsequently receives reimbursement from the Pool, for all of the payments made to employees.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 09/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Other Provisions

Other provisions exist when the Institute 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.

l) Insurance

The Institute'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.

m) Receivables

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

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

n) Allowance for impairment of debts

Collectability of receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off in the period in which they are identified. An allowance for impairment of debt is established when there is objective evidence that the Institute may not be able to collect all amounts due according to the original terms of receivables. Trade receivables generally settled within 29 days are carried at amount due. If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the statement of comprehensive income. Since its inception, the Institute has encountered difficulties in obtaining accurate client data, whether contact details or billing status. The result of the uncertainty of data integrity is reflected in the size of the doubtful debt provision that has been created each year. This has enhanced the accuracy of client data.

Receivables are monitored during the year and impairment of debts is written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the statement of comprehensive income.

Notes to the Financial Statements

For the year ended 30 June 2010

o) Payables

These amounts represent liabilities for goods and services provided to the Institute 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.

p) Financial Instruments

Financial Instruments give rise to positions that are a financial asset of either the Institute or its counterparty and a financial liability of the other party. For the Institute, these include cash at bank, receivables and creditors. Note 19 discloses the relevant risk of financial instruments. We record classes of instruments at cost and carry them at net fair value.

q) 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.

r) Equity – Accumulated Funds

The category Accumulated Funds includes all current and prior period retained funds.

Notes to the Financial Statements

For the year ended 30 June 2010

	Consolidated		The Institute	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
2. INCOME				
(a) Grants and contributions				
Grant from the Department of Education and Training	1,790	2,215	1,790	2,215
(b) Accreditation Fees				
Annual Fees	3,451	2,562	3,451	2,562
Bad Debt Expense	(270)	(533)	(270)	(533)
	3,181	2,029	3,181	2,029
(c) Other Income				
Interest	305	407	305	407
Miscellaneous	137	116	137	116
	442	523	442	523
3. EMPLOYEE RELATED EXPENSES				
Salaries and Wages	3,102	2,336	–	–
Superannuation	298	168	–	–
Annual Leave	217	271	–	–
Long Service Leave	91	90	–	–
Payroll Tax	185	143	–	–
	3,893	3,008	–	–
4. PERSONNEL SERVICES				
Personnel Services	–	–	4,678	4,239
	–	–	4,678	4,239
5. OTHER OPERATING EXPENSES				
Bank Fees	20	5	20	5
Books/Publications	6	3	6	3
Insurance	4	5	4	5
Meetings	14	17	14	17
Fees for Services Rendered	348	719	348	719
Rent and Cleaning	357	332	357	332
Teaching Relief	89	44	89	44
Travelling	59	129	59	129
Stores	21	43	21	43
Printing	205	167	205	167
Telecommunications and Postage	170	153	170	153
Electricity	22	17	22	17
Computer Software	26	22	26	22
QTC and Board Expenses	30	40	30	40
Other General Expenses	44	85	44	85
	1,415	1,781	1,415	1,781

Notes to the Financial Statements

For the year ended 30 June 2010

	Consolidated		The Institute	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
6. CURRENT ASSETS-CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	6,911	6,294	6,911	6,294
	6,911	6,294	6,911	6,294
7. CURRENT ASSETS-RECEIVABLES				
Australian Taxation Office	42	57	42	57
NSW Treasury long service leave Receivable	1,037	829	–	–
Fees Receivable	2,738	3,491	2,738	3,491
Allowance for Impairment of debts	(551)	(592)	(551)	(592)
Other Receivables	70	–	70	–
Prepayments	14	17	14	17
	3,350	3,802	2,313	2,973
8. DEPRECIATION AND AMORTISATION				
Leasehold improvements, plant, furniture and equipment	141	134	141	134
Intangible assets	130	97	130	97
	271	231	271	231

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9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improve- ments \$'000	Plant & Equipment \$'000	Computer & Related Equipment \$'000	Furniture & Fittings \$'000	Total \$'000
As at 1 July 2009					
Gross Carrying Amount	278	131	174	171	754
Accumulated depreciation	(95)	(71)	(125)	(34)	(325)
Net Carrying Amount – at fair value	183	60	49	137	429
At 30 June 2010					
Gross Carrying Amount	278	149	229	175	831
Accumulated depreciation	(151)	(101)	(160)	(51)	(463)
Net Carrying Amount – at fair value	127	48	69	124	368

Notes to the Financial Statements

For the year ended 30 June 2010

PROPERTY, PLANT AND EQUIPMENT – RECONCILIATIONS

A reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current year is set out below.

	Leasehold Improve- ments \$'000	Plant & Equipment \$'000	Computer & Related Equipment \$'000	Furniture & Fittings \$'000	Total \$'000
Net Carrying amount at 1 July 2009	183	60	49	137	429
Additions	–	19	56	5	80
Disposals	–	–	–	–	–
Depreciation expense	(57)	(31)	(36)	(17)	(141)
Net Carrying amount as at 30 June 2010	126	48	69	125	368

	Leasehold Improve- ments \$'000	Plant & Equipment \$'000	Computer & Related Equipment \$'000	Furniture & Fittings \$'000	Total \$'000
Net Carrying amount at 1 July 2008	233	88	51	164	536
Additions	5	5	31	11	52
Disposals	–	(3)	–	(22)	(25)
Depreciation expense	(55)	(30)	(33)	(16)	(134)
Net Carrying amount as at 30 June 2009	183	60	49	137	429

10. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Software \$'000
At 1 July 2009	
Cost (gross carrying amount)	554
Accumulated amortisation and impairment	(166)
Net Carrying Amount at fair value	388
At 30 June 2010	
Cost (gross carrying amount)	730
Accumulated amortisation and impairment	(296)
Net Carrying Amount at fair value	434

Notes to the Financial Statements

For the year ended 30 June 2010

INTANGIBLE ASSETS – RECONCILIATION

A reconciliation of the carrying amounts of intangible assets at the beginning and end of the current year is set out below

	Software \$'000
Carrying amount at 1 July 2009	388
Additions	176
Disposals	–
Amortisation expense	(130)
Carrying amount as at 30 June 2010	434

	Software \$'000
Carrying amount at 1 July 2008	300
Additions	185
Disposals	–
Amortisation expense	(97)
Carrying amount as at 30 June 2009	388

	Consolidated		The Institute	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
11. OTHER NON-CURRENT ASSETS				
Prepaid superannuation contributions	198	113	–	–
	198	113	–	–
12. CURRENT LIABILITIES – PAYABLES				
Accounts payable	108	198	108	198
Accrued wages, salaries and oncosts	51	46	–	–
Accreditation fees in advance	1,634	1,292	1,634	1,292
Teaching relief provision	50	–	50	–
Annual leave provision	384	391	–	–
Long service leave provision	1,037	829	–	–
Annual Leave on costs provision	18	35	–	–
Long service leave on costs provision	151	121	–	–
Personnel services liability	–	–	2,933	2,316
Deferred income	13	17	13	17
	3,446	2,929	4,738	3,823
13. NON-CURRENT LIABILITIES – PROVISION FOR EMPLOYEE BENEFITS				
Unfunded superannuation liability	2,527	1,836	–	–
	2,527	1,836	–	–

Notes to the Financial Statements

For the year ended 30 June 2010

14. DEFINED BENEFIT SUPERANNUATION PLANS

An actuarial assessment of the superannuation schemes as at 30 June 2010 was carried out by the Fund's actuary in accordance with AASB 119 Employee Benefits.

Details are as below:

Fund Assets

The percentages invested in each asset class at the statement of financial position date are:

	30 June 2010	30 June 2009
Australian equities	31.0%	32.1%
Overseas equities	26.8%	26.0%
Australian fixed interest securities	6.1%	6.2%
Overseas fixed interest securities	4.3%	4.7%
Property	9.5%	10.0%
Cash	9.6%	8.0%
Other	12.7%	13.0%

Notes to the Financial Statements

For the year ended 30 June 2010

Position Statement for each defined benefit superannuation plan

Financial Year to 30 June 2010	SASS	SANCS	SSS	TOTAL
Member Numbers				
Contributors	4	7	3	
Deferred benefits	0	0	0	
Pensioners	0	0	2	
Pensions fully commuted	0	0	0	
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	1,205	410	5,282	6,897
Estimated reserve account balance	(1,057)	(608)	(2,902)	(4,567)
	148	(198)	2,380	2,330
Future Service Liability (Note 1)	(358)	(126)	(122)	(606)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in the statement of financial position	148	(198)	2,380	2,330

Position Statement for each defined benefit superannuation plan

Financial Year to 30 June 2009	SASS	SANCS	SSS	TOTAL
Member Numbers				
Contributors	3	5	2	
Deferred benefits	0	0	0	
Pensioners	0	0	2	
Pensions fully commuted	0	0	0	
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	986	255	3,801	5,042
Estimated reserve account balance	(861)	(368)	(2,090)	(3,319)
	125	(113)	1,711	1,723
Future Service Liability (Note 1)	(352)	(105)	(132)	(589)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in the statement of financial position	125	(113)	1,711	1,723

Note 1: The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 149, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

Notes to the Financial Statements

For the year ended 30 June 2010

Reconciliation of the assets and liabilities recognised in the consolidated statement of financial position

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial year to 30 June 2010				
Present value of partly funded defined benefit obligations at end of year	1,205	410	5,281	6,896
Fair value of fund assets at end of year	(1,057)	(608)	(2,901)	(4,566)
<i>Subtotal</i>	148	(198)	2,380	2,330
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in the statement of financial position at end of year	148	(198)	2,380	2,330

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial year to 30 June 2009				
Present value of partly funded defined benefit obligations at end of year	986	255	3,801	5,042
Fair value of fund assets at end of year	(861)	(368)	(2,090)	(3,320)
<i>Subtotal</i>	125	(113)	1,711	1,723
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in the statement of financial position at end of year	125	(113)	1,711	1,723

Expense recognised in statement of comprehensive income

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial Year to 30 June 2010				
<i>Components recognised in statement of comprehensive income</i>				
Current service cost	49	13	29	91
Interest cost	54	14	209	277
Expected return on Fund assets (net of expenses)	(78)	(37)	(178)	(293)
Expense/(income) recognised	25	(10)	60	75

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial Year to 30 June 2009				
<i>Components recognised in statement of comprehensive income</i>				
Current service cost	27	13	(4)	36
Interest cost	33	16	199	248
Expected return on Fund assets (net of expenses)	(41)	(25)	(194)	(260)
Expense/(income) recognised	19	4	1	24

Notes to the Financial Statements

For the year ended 30 June 2010

Amount recognised in the statement of changes in equity

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial Year to 30 June 2010				
Actuarial (gains)/losses	51	62	672	785
Adjustment for limit on net asset	0	0	0	0
(Gains)/Loss recognised	51	62	672	785
Financial Year to 30 June 2009				
Actuarial (gains)/losses	140	87	1,004	1,231
Adjustment for limit on net asset	0	0	0	0
(Gains)/Loss recognised	140	87	1,004	1,231

The superannuation expense recognised in the consolidated statement of comprehensive income is included in the line item 'Salaries and expenses'. Superannuation actuarial gains/losses of \$785K (2009: \$1,231K) are separately identified in the statement of changes in equity.

The cumulative amount of actuarial gains and losses recognised in the 'statement of changes in equity' since 1 July 2007 therefore is \$2,016K.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Financial year to 30 June 2010			
Actual return on Fund assets	83	41	225
Financial year to 30 June 2009			
Actual return on Fund assets	(80)	(27)	(288)

a) Valuation Method and principal assumptions at the statement of financial position date

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumption

	30 June 2010	30 June 2009
Salary increase rate (excluding promotional increases)	3.5% pa	3.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return	8.60%	8.13%
Discount rate	5.17% pa	5.59%

Notes to the Financial Statements

For the year ended 30 June 2010

Historical information

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Financial year to 30 June 2010			
Present value of defined benefit obligation	1,205	410	5,282
Fair value of Fund assets	(1,057)	(608)	(2,903)
(Surplus)/Deficit in Fund	148	(198)	2,379
Experience adjustments – Fund liabilities	93	65	1,013
Experience adjustments – Fund assets	(41)	(3)	(341)

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Financial year to 30 June 2009			
Present value of defined benefit obligation	986	255	3,801
Fair value of Fund assets	(862)	(368)	(2,090)
(Surplus)/Deficit in Fund	125	(113)	1,711
Experience adjustments – Fund liabilities	149	35	407
Experience adjustments – Fund assets	(10)	52	597

Expected contributions

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2010			
Expected employer contributions	136	155	83
As at 30 June 2009			
Expected employer contributions	32	15	213

Disclosures required under paragraph Aus121.1 and Aus121.2

Aus121.1 Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2010 financial position of the Fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*:

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2010			
Accrued benefits	1,113	375	3,645
Net market value of Fund assets	(1,057)	(608)	(2,903)
Net (surplus)/deficit	56	(233)	742

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2009			
Accrued benefits	922	234	2,744
Net market value of Fund Assets	(862)	(368)	(2,090)
Net (surplus)/deficit	60	(134)	654

Notes to the Financial Statements

For the year ended 30 June 2010

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
N/A	N/A	N/A

(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the *Aggregate Funding* method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the actuarial review of the Fund were:

Weighted-Average Assumptions	2010	2009
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Aus121.2 Nature of asset/liability

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

	Consolidated		The Institute	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
15. AUDITORS REMUNERATION				
Total (net of GST)	23	21	23	21

Notes to the Financial Statements

For the year ended 30 June 2010

	Consolidated		The Institute	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
16. COMMITMENTS				
Future non-cancellable operating lease rentals not provided for and payable				
Lease Commitments				
Not later than one year	418	399	418	399
Later than one year but not later than five years	553	936	553	936
Later than five years				–
Total (including GST)	971	1,335	971	1,335
Other Expenditure Commitments				
Not later than one year	–	107	–	107
Total (including GST)	–	107	–	107
Capital Commitments				
Not later than one year	–	124	–	124
Total (Including GST)	–	124	–	124

Commitments include input tax credits of \$88K, which are expected to be recovered from the Australian Taxation Office (2009:\$142K)

17. CONTINGENT LIABILITIES

No contingent liabilities exist for the Institute and the Office (2009: nil).

18. NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of cash flows, cash includes cash on hand and in the bank. At 30 June 2010, cash as shown in the Statement of cash flows of \$6,911K (30 June 2009:\$6,294K) is equal to the amount shown in the Statement of financial position

(b) Reconciliation of Net Cash provided by Operating Results to Operating Activities

	Consolidated		The Institute	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Surplus/(Deficit) as per the statement of comprehensive income	(189)	(299)	(974)	(1,530)
Superannuation actuarial gains/ (losses) recognised directly in equity	(785)	(1,231)	–	–
Depreciation and amortisation	270	231	270	231
Increase/(decrease) in receivables	367	(1,422)	660	(1,359)
(Gain)/loss on disposal of assets	–	25	–	25
Increase/(decrease) in payables	1,208	1,397	915	1,334
Net Cash Flows provided by Operating Activities	871	(1,299)	871	(1,299)

Notes to the Financial Statements

For the year ended 30 June 2010

19. FINANCIAL INSTRUMENTS

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount	
			2010 \$'000	2010 \$'000
Class:				
Cash and cash equivalents	6	N/A	6,911	6,294
Receivables ¹	7	Receivables (at amortised cost)	3,350	3,861
Payables ²	12	Financial liabilities measured at amortised cost	159	244

(b) Credit Risk

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

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

Cash

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

Note

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)

Notes to the Financial Statements

For the year ended 30 June 2010

Receivables – fees receivable

Accreditation fees receivable are recognised as amounts receivable at balance date. Collectability of fees receivable is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the amounts due will not be collected by the Institute. This evidence includes past experience and current and expected changes to the accreditation process that generates the collectable fees. Accreditation fees are usually billed on 30 day terms.

The Institute is exposed to a concentration of credit risk to a major group of debtors due to the legislative restrictions limiting the Institute to billing accreditation fees from New Scheme Teachers and voluntary accreditation fees from other practising teachers in NSW. This exposure is deemed to be material.

The debtors of the Institute represent a large number of individual teachers whose particular credit ratings will vary and are unknown to the Institute.

2010 (\$'000)	Total	Past due but not impaired	Considered impaired
< 3 months overdue	41	41	–
> 3 months' overdue	2,697	2,146	551
2009 (\$'000)			
< 3 months overdue	2,719	2,479	240
> 3 months' overdue	779	553	352

(c) Liquidity Risk

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

During the current and prior years, there were no defaults on payment obligations. No loans have been made and no assets have been pledged as collateral.

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 policy set out in Treasurer's Directions 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice is received.

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

Interest rate risk refers to the risk that the value of the financial instruments will fluctuate due to the changes in market interest rates. The exposure to interest rate risks of the Institute and the effective interest rates of the financial assets and liabilities at the balance date are as follows:

	Weighted Effective Interest Rate	Nominal Amount (\$'000) ¹	Interest Rate Exposure (\$'000)			Maturity Dates
			Fixed Interest Rate	Variable interest	Non-Interest Bearing	
2010						< 1 year
Payables	–	159	–	–	159	159
2009						
Payables	–	244	–	–	244	244

Notes

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

Notes to the Financial Statements

For the year ended 30 June 2010

(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 exposure of the Institute to market risk is primarily through price risks associated with the movement in the unit price of the TCorp Hour Glass facilities. The Institute 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 variables is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change is a risk variable that has been determined taking into account the economic environment in which the Institute operates and the time frame for assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

Interest rate risk

The Institute has minimal exposure to interest rate risk from its holdings in interest bearing financial assets. The Institute 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 +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is structural change in the level of interest volatility. The exposure to interest rate risk of the Institute is set out below.

	Weighted Average Interest rate	Carrying Amount	(\$'000)			
			-1%	Equity	+1%	Equity
2010						
Financial assets						
Cash and cash equivalents	4.2%	6,911	(69)	(69)	69	69
Receivables		3,350	-	-	-	-
Financial liabilities						
Payables		108	-	-	-	-
2009						
Financial assets						
Cash and cash equivalents	4.5%	6,294	(63)	(63)	63	63
Receivables		3,945	-	-	-	-
Financial liabilities						
Payables		199	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2010

Other price risk – TCorp Hour Glass Facilities

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

Facility	Investment Sectors	Investment Horizon	2010 (\$'000)	2009 (\$'000)
Cash facility	Cash, money market instruments	Up to 1.5 years (Pre-June 2009 up to 2 years)	5,213	5,957
Strategic Cash Facility	Cash, money market instruments	Up to 3 years	1,027	–

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

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

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

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

	Investment Sectors	Impact on profit/loss	
		2010 (\$'000)	2010 (\$'000)
Hour Glass Investment – Cash Facility	+/- 1%	+/-52	+/- 60
Hour Glass Investment – Strategic Cash Facility	+/- 1%	+/-10	–

(e) Fair Value

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

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

Notes to the Financial Statements

For the year ended 30 June 2010

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

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

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

	Level 1	Level 2	Level 3	2010 Total
Financial assets at fair value	\$'000	\$'000	\$'000	\$'000
TCorp Hour-Glass Investment Facility		6,240		6,240

There were no transfers between level 1 and 2 during the period ended 30 June 2010.

20. ACCOUNTING STANDARDS/INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AS AT 30 JUNE 2010

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

AASB 2009-5 regarding annual improvements

AASB 2009-9 regarding first-time adoption

AASB 2010-1 regarding AASB 7 comparatives for first time adopters.

The initial application of these standards will have no material impact on the financial results of the Institute.

21. AFTER BALANCE DATE EVENTS

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

END OF AUDITED FINANCIAL REPORT



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Office of NSW Institute of Teachers

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of the Institute of Teachers (the Office), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial statements:

- present fairly, in all material respects, the financial position of the Office as at 30 June 2010, and its financial performance for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

- about the future viability of the Office
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal controls.

Independence

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

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



Steven Martin
Director, Financial Audit Services

20 October 2010
SYDNEY



OFFICE OF THE INSTITUTE OF TEACHERS

STATEMENT BY THE EXECUTIVE OF THE NSW INSTITUTE OF TEACHERS

Pursuant to Section 41c (1b) and (1c) of the Public Finance and Audit Act, 1983, we declare that in our opinion:

1. The accompanying financial report exhibits a true and fair view of the financial position of the Office of the Institute of Teachers as at 30 June 2010 and transactions for the year then ended.
2. The report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and Regulation, and the Treasurer's Directions.

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

Emeritus Professor Phil Foreman
Chair
20 October 2010

Mr Patrick Lee
Chief Executive
20 October 2010

Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Expenses excluding losses			
<i>Operating Expenses</i>			
Employee related	2	3,893	3,008
Total expenses excluding losses	2	3,893	3,008
Revenue			
Personnel Services	3	4,678	4,239
Total Revenue		4,678	4,239
SURPLUS/(DEFICIT) FOR THE YEAR		785	1,231
Other comprehensive income			
Superannuation actuarial gains (losses)		(785)	(1,231)
Other comprehensive income for the year		(785)	(1,231)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

The accompanying notes form part of these statements

Statement of Financial Position

As at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Receivables	4	3,970	3,145
Non-Current Assets			
Receivables	4	198	113
TOTAL ASSETS		4,168	3,258
LIABILITIES			
Current Liabilities			
Payables	5	51	46
Provisions	5	1,590	1,376
Non-Current Liabilities			
Provisions	5	2,527	1,836
TOTAL LIABILITIES		4,168	3,258
NET ASSETS		-	-
EQUITY			
Accumulated funds		-	-
TOTAL EQUITY		-	-

The accompanying notes form part of these statements

Statement of Changes in Equity

For the year ended 30 June 2010

	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2009		–	–
Surplus/(Deficit) for the year		785	785
Other comprehensive income:			
Superannuation actuarial gains/(losses)		(785)	(785)
Total other comprehensive income for the year		(785)	(785)
Balance at 30 June 2010		–	–

	Notes	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2008		–	–
Surplus/(Deficit) for the year		1,231	1,231
Other comprehensive income:			
Superannuation actuarial gains/(losses)		(1,231)	(1,231)
Total other comprehensive income for the year		(1,231)	(1,231)
Balance at 30 June 2009		–	–

The accompanying notes form part of these statements

Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Personnel Services		-	-
Total Receipts		-	-
Payments			
Employee related		-	-
Total Payments		-	-
NET INCREASE/(DECREASE) IN CASH FROM OPERATING ACTIVITIES	8	-	-
NET INCREASE/ (DECREASE) in CASH		-	-
Opening cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	8	-	-

The accompanying notes form part of these statements

Notes to the Financial Statements

For the year ended 30 June 2010

1. SUMMARY OF ACCOUNTING POLICIES

a) Reporting Entity

The Office of the Institute of Teachers (the Office) is a Division of the Government Service, established pursuant to Schedule 1 to the *Public Sector Employment and Management Act 2002*. The Office is a not-for-profit entity (as profit is not its principal objective), with no cash generating units. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at Level 10 175 Castlereagh Street, SYDNEY NSW 2000.

The objective of the Office is to provide personnel services to the NSW Institute of Teachers.

This financial report for the year ended 30 June 2010 has been authorised for issue by the Executive on 20 October 2010.

b) Basis of Preparation

The financial statements of the Institute are general purpose financial statements prepared in accordance with:

- applicable Australian Accounting Standards, which includes Australian Accounting Interpretations;
- the requirements of the *Public Finance and Audit Act 1983* and Regulation, and
- the financial reporting directions issued by the Treasurer.

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

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

c) Statement of compliance

The Office's financial report complies with Australian Accounting Standards, which include Australian Accounting Interpretations.

d) Income recognition

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

e) Receivables

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

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

f) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

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

Notes to the Financial Statements

For the year ended 30 June 2010

g) **Employee benefit provisions and expenses**

i) Salaries and Wages, Annual Leave, Sick Leave and On Costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are 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.

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.

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

ii) Long Service Leave and Superannuation

Long Service Leave

The Office is a member of the Non-Budget Long Service Leave Pool and as such, makes contributions to the Pool, in accordance with NSWTC 09/04. The contributions are recognised as an expense. The present value of long service leave at reporting date is recognised as a liability and equivalent asset in the Statement of financial position. Long service leave payments to the employees are made by the Office, and the Office subsequently receives reimbursement from the Pool, for all of the payments made to employees.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 09/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

iii) Other Provisions

Other provisions exist when the agency 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.

h) **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.

i) **Insurance**

The Office'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.

Notes to the Financial Statements

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
2. EXPENSES		
Salaries and wages	3,102	2,336
Superannuation	298	168
Annual leave	217	271
Long service leave	91	90
Payroll tax	185	143
	3,893	3,008
3. INCOME		
Personnel services	4,678	4,239
	4,678	4,239
4. CURRENT/ NON-CURRENT ASSETS		
(a) Current		
NSW Treasury Long service leave receivable	1,037	829
Receivable NSW Institute of Teachers	2,933	2,316
	3,970	3,145
(b) Non-Current		
Prepaid superannuation contributions	198	113
	198	113
5. CURRENT/ NON-CURRENT LIABILITIES		
(a) Current		
Accrued salaries, wages and on-costs	51	46
Annual leave	384	391
Annual leave oncosts	18	35
Long service leave	1,037	829
Long service leave oncosts	151	121
	1,641	1,422
(b) Non-Current		
Unfunded superannuation liability	2,527	1,836
	2,527	1,836

Notes to the Financial Statements

For the year ended 30 June 2010

(c) Defined benefit superannuation plans

An actuarial assessment of the superannuation schemes as at 30 June 2010 was carried out by the Fund's actuary in accordance with AASB 119 Employee Benefits.

Details are as below:

Fund Assets

The percentages invested in each asset class at the Statement of financial position date are:

	30 June 2010	30 June 2009
Australian equities	31.0%	32.1%
Overseas equities	26.8%	26.0%
Australian fixed interest securities	6.1%	6.2%
Overseas fixed interest securities	4.3%	4.7%
Property	9.5%	10.0%
Cash	9.6%	8.0%
Other	12.7%	13.0%

Notes to the Financial Statements

For the year ended 30 June 2010

Position Statement for each defined benefit superannuation plan

Financial Year to 30 June 2010	SASS	SANCS	SSS	TOTAL
Member Numbers				
Contributors	4	7	3	
Deferred benefits	0	0	0	
Pensioners	0	0	2	
Pensions fully commuted	0	0	0	
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	1,205	410	5,282	6,897
Estimated reserve account balance	(1,057)	(608)	(2,902)	(4,567)
	148	(198)	2,380	2,330
Future Service Liability (Note 1)	(358)	(126)	(122)	(606)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in Statement of financial position	148	(198)	2,380	2,330

Position statement for each defined benefit superannuation plan

Financial Year to 30 June 2009	SASS	SANCS	SSS	TOTAL
Member Numbers				
Contributors	3	5	2	
Deferred benefits	0	0	0	
Pensioners	0	0	2	
Pensions fully commuted	0	0	0	
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	986	255	3,801	5,042
Estimated reserve account balance	(861)	(368)	(2,090)	(3,319)
	125	(113)	1,711	1,723
Future Service Liability (note 1)	(352)	(105)	(132)	(589)
Surplus in excess of recovery available from schemes	0	0	0	0
Net (asset)/liability to be recognised in Statement of financial position	125	(113)	1,711	1,723

Note

1 The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 149, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the "surplus in excess of recovery" is zero, no asset ceiling limit is imposed.

Notes to the Financial Statements

For the year ended 30 June 2010

Reconciliation of the assets and liabilities recognised in the Statement of financial position

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial year to 30 June 2010				
Present value of partly funded defined benefit obligations at end of year	1,205	410	5,281	6,896
Fair value of fund assets at end of year	(1,057)	(608)	(2,901)	(4,566)
<i>Subtotal</i>	148	(198)	2,380	2,330
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in statement of financial position at end of year	148	(198)	2,380	2,330

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial year to 30 June 2009				
Present value of partly funded defined benefit obligations at end of year	986	255	3,801	5,042
Fair value of fund assets at end of year	(861)	(368)	(2,090)	(3,320)
<i>Subtotal</i>	125	(113)	1,711	1,723
Unrecognised past service cost	0	0	0	0
Unrecognised gain/(loss)	0	0	0	0
Adjustment for limitation on net asset	0	0	0	0
Net Liability/(Asset) recognised in statement of financial position at end of year	125	(113)	1,711	1,723

Expense recognised in statement of comprehensive income

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial Year to 30 June 2010				
<i>Components recognised in statement of comprehensive income</i>				
Current service cost	49	13	29	91
Interest cost	54	14	209	277
Expected return on Fund assets (net of expenses)	(78)	(37)	(178)	(293)
Expense/(income) recognised	25	(10)	60	75

	SASS	SANCS	SSS	TOTAL
	\$'000	\$'000	\$'000	\$'000
Financial Year to 30 June 2009				
<i>Components recognised in statement of comprehensive income</i>				
Current service cost	27	13	(4)	36
Interest cost	33	16	199	248
Expected return on Fund assets (net of expenses)	(41)	(25)	(194)	(260)
Expense/(income) recognised	19	4	1	24

Notes to the Financial Statements

For the year ended 30 June 2010

Amount recognised in the statement of changes in equity

	SASS	SANCS	SSS	TOTAL
Financial Year to 30 June 2010	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/ losses	51	62	672	785
Adjustment for limit on net asset	0	0	0	0
(Gains)/ Loss recognised	51	62	672	785

	SASS	SANCS	SSS	TOTAL
Financial Year to 30 June 2009	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/ losses	140	87	1,004	1,231
Adjustment for limit on net asset	0	0	0	0
(Gains)/ Loss recognised	140	87	1,004	1,231

The superannuation expense recognised in the Statement of comprehensive income is included in the line item 'Employee-related expenses'. Superannuation actuarial gains/losses of \$785K (2009: \$1,231K) are separately identified in the 'statement of changes in equity'.

The cumulative amount of actuarial gains and losses recognised in the 'statement of changes in equity' since 1 July 2007 therefore is \$2,016K.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual return on Fund assets

	SASS	SANCS	SSS
Financial year to 30 June 2010	\$'000	\$'000	\$'000
Actual return on Fund assets	83	41	225

	SASS	SANCS	SSS
Financial year to 30 June 2009	\$'000	\$'000	\$'000
Actual return on Fund assets	(80)	(27)	(288)

a) Valuation Method and principal assumptions at the Statement of financial position date

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumption

	30 June 2010	30 June 2009
Salary increase rate (excluding promotional increases)	3.5% pa	3.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.60%	8.13%
Discount rate	5.17% pa	5.59%

Notes to the Financial Statements

For the year ended 30 June 2010

Historical information

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Financial year to 30 June 2010			
Present value of defined benefit obligation	1,205	410	5,282
Fair value of Fund assets	(1,057)	(608)	(2,903)
(Surplus)/Deficit in Fund	148	(198)	2,379
Experience adjustments – Fund liabilities	93	65	1,013
Experience adjustments – Fund assets	(41)	(3)	(341)

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
Financial year to 30 June 2009			
Present value of defined benefit obligation	986	255	3,801
Fair value of Fund assets	(862)	(368)	(2,090)
(Surplus)/Deficit in Fund	125	(113)	1,711
Experience adjustments – Fund liabilities	149	35	407
Experience adjustments – Fund assets	(10)	52	597

Expected contributions

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2010			
Expected employer contributions	136	155	83
As at 30 June 2009			
Expected employer contributions	32	15	213

Disclosures required under paragraph Aus121.1 and Aus121.2

Aus121.1 Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2010 financial position of the Fund calculated in accordance with AAS 25 *Financial Reporting by Superannuation Plans*:

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2010			
Accrued benefits	1,113	375	3,645
Net market value of Fund assets	(1,057)	(608)	(2,903)
Net (surplus)/deficit	56	(233)	742

	SASS	SANCS	SSS
	\$'000	\$'000	\$'000
As at 30 June 2009			
Accrued benefits	922	234	2,744
Net market value of Fund Assets	(862)	(368)	(2,090)
Net (surplus)/ deficit	60	(134)	654

Notes to the Financial Statements

For the year ended 30 June 2010

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
N/A	N/A	N/A

(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the *Aggregate Funding* method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the actuarial review of the Fund were:

Weighted-Average Assumptions	2010	2009
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Aus121.2 Nature of asset/liability

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

6. COMMITMENTS

The Office does not have any capital or operating lease commitments.

(2009: nil)

7. CONTINGENT LIABILITIES

No contingent liabilities exist for the Office. (2009: nil)

8. NOTES TO CASHFLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in the bank. At 30 June 2010, cash shown in the statement of cash flows of nil is equal to the amount shown in the Statement of financial position.

Notes to the Financial Statements

For the year ended 30 June 2010

(b) Reconciliation of Net Cash provided by Operating Results to Operating Activities

	2010	2009
	\$'000	\$'000
Operating Surplus/(Deficit)	785	1,231
Superannuation actuarial gains/(losses) recognised in equity	(785)	(1,231)
(Increase)/ Decrease in receivables	(910)	(1,301)
Increase/(Decrease) in payables	910	1301
Net Cash Flows provided by Operating Activities	-	-

9. FINANCIAL INSTRUMENTS

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

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

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

(a) Financial Instrument Categories

Financial Assets	Note	Category	Carrying Amount	
			2010	2010
			\$'000	\$'000
Class:				
Receivables ¹	4	Receivables (at amortised cost)	3,970	3,145
Payables ²	5	Financial liabilities measured at amortised cost	1,641	1,422

(b) Credit Risk

Credit risk arises when there is the possibility of the Office's debtors defaulting on their contractual obligations, resulting in a financial loss to the Office. 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 Office, being receivables. No collateral is held by the Office. The Office has not granted any financial guarantees.

There is no credit risk associated with the financial assets other than receivables.

Notes

- 1 Excludes statutory receivables (i.e. not within scope of AASB 7)
- 2 Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7)

Notes to the Financial Statements

For the year ended 30 June 2010

Cash

The Office has no cash financial assets.

Receivables

Personnel Services receivable are recognised as amounts receivable at balance date. All receivables are deemed to be collectable. No receivables are past due and there is no allowance for impairment.

The Office is not exposed to credit risk as the only debtors of the Office are the Institute and the Crown Pool.

(c) Liquidity Risk

Liquidity risk is the risk that the Office will be unable to meet its payment obligations when they fall due. The only payment obligations recognised by the Office relate to accrued salaries and long service leave pool contributions which are non-interest bearing and have a maturity date of less than one month. As such it is considered the Office has no liquidity risk.

(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. Due to the specific nature of Office's financial instruments, it is considered that the Office has no exposure market risk.

(e) Fair Value

All financial instruments are recognised at cost.

10. AFTER BALANCE DATE EVENTS

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

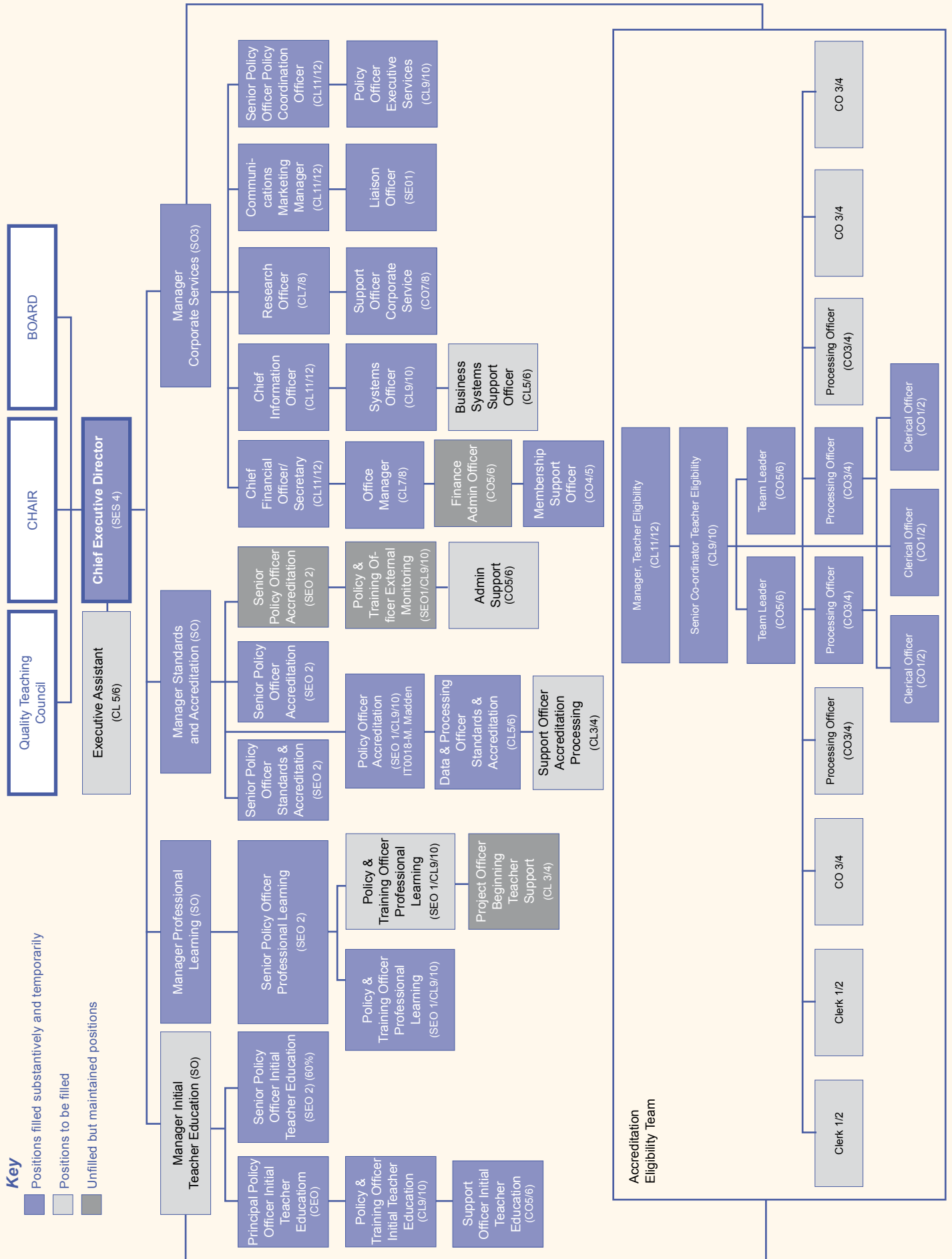
END OF AUDITED FINANCIAL REPORT

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Appendix 1: NSW Institute of Teachers Organisational Chart



Appendix 2:
Data supplied by Public Sector Workforce Branch,
Department of Premier and Cabinet

EEO Group	% of Total Staff				
	Benchmark or Target	2007	2008	2009	2010
Women	50%	62%	56%	54%	61%
Aboriginal people and Torres Strait Islanders	2.6%				
People whose first language was not English	19%			4%	6%
People with a disability	12%				
People with a disability requiring work-related adjustment	7%				

B. Trends in the Distribution of EEO Groups

EEO Group	Distribution Index				
	Benchmark or Target	2007	2008	2009	2010
Women	100	n/a	n/a	n/a	n/a
Aboriginal people and Torres Strait Islanders	100				
People whose first language was not English	100			n/a	n/a
People with a disability	100				
People with a disability requiring work-related adjustment	100				

Notes

- 1 Staff numbers are as at 30 June.
- 2 Excludes casual staff.
- 3 The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

Appendix 3: Internal Audit and Risk Management Attestation for the 2009-2010 Financial Year for the NSW Institute of Teachers

NSW INSTITUTE OF TEACHERS



I, Patrick Lee, Chief Executive, am of the opinion that the NSW Institute of Teachers (the Institute) has internal audit and risk management processes in place that are, excluding the exception described below, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*.

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

Ministerially Determined Departure	Reason for Departure and Description of Practicable Alternative Measures Implemented
■ Core Requirement 3	■ The potential cost and redundancy of a separate internal audit and risk management committee was considered an inefficient and ineffective use of Institute resources ■ The independence and current role of the Board of Governance constitute an effective internal audit and risk management committee at no additional cost

The determination by the Portfolio Minister for the Institute in respect of these departures, dated 18 May 2010, is appended to this attestation statement.

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

I, Patrick Lee, Chief Executive, am of the opinion that the Audit and Risk Committee function for the Institute is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08.

As approved by the Minister, the Chair and Members of the Audit and Risk Committee are the Chair and non-Executive Members of the Board of Governance :

- Emeritus Professor Phil Foreman (3 years)
- Ms Penny Morris (3 years)
- Ms Jenni Neary (3 years)
- Mr John Azarias (3 years)

I, Patrick Lee, Chief Executive, declare that this Internal Audit and Risk Management Attestation is also made on behalf of the Institute's controlled entity, the Office of the NSW Institute of Teachers.

A handwritten signature in black ink, appearing to read 'Patrick Lee'.

Mr Patrick Lee
Chief Executive
29 October 2010

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