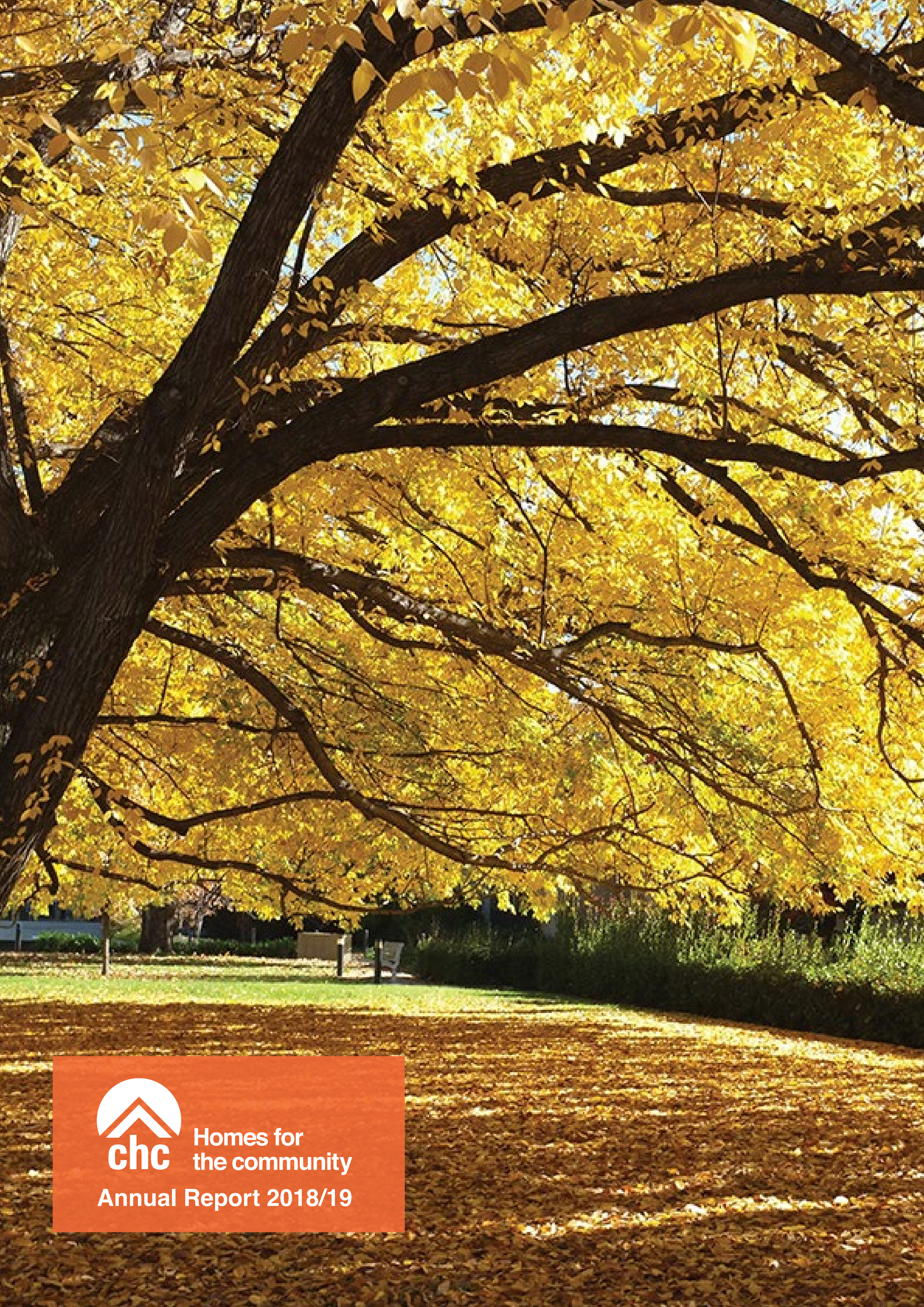


chc Homes for the community

Annual Report 2018/19

Safe and secure homes in strong communities.

Welcome to CHC's 2018/19 Annual Report

CHC is the largest not-for profit community housing provider in the ACT.

Contents

02 Our Impact

05 Mission, Vision & Values

06 Report from the Chair

08 CEO Report

10 Corporate Governance & Risk Management

14 Our Staff

16 Launching HomeGround Real Estate Canberra

18 Community Development

22 Our Developments

28 Financial Statements

Our Impact

>1,300 Canberrans housed today by CHC

43
affordable homes developed and sold by CHC to eligible purchasers

444
social and affordable tenancies in CHC owned properties

$3m
rental subsidy funded by CHC (>$28m over 21 years)

43
social and affordable tenancies through HomeGround Real Estate Canberra

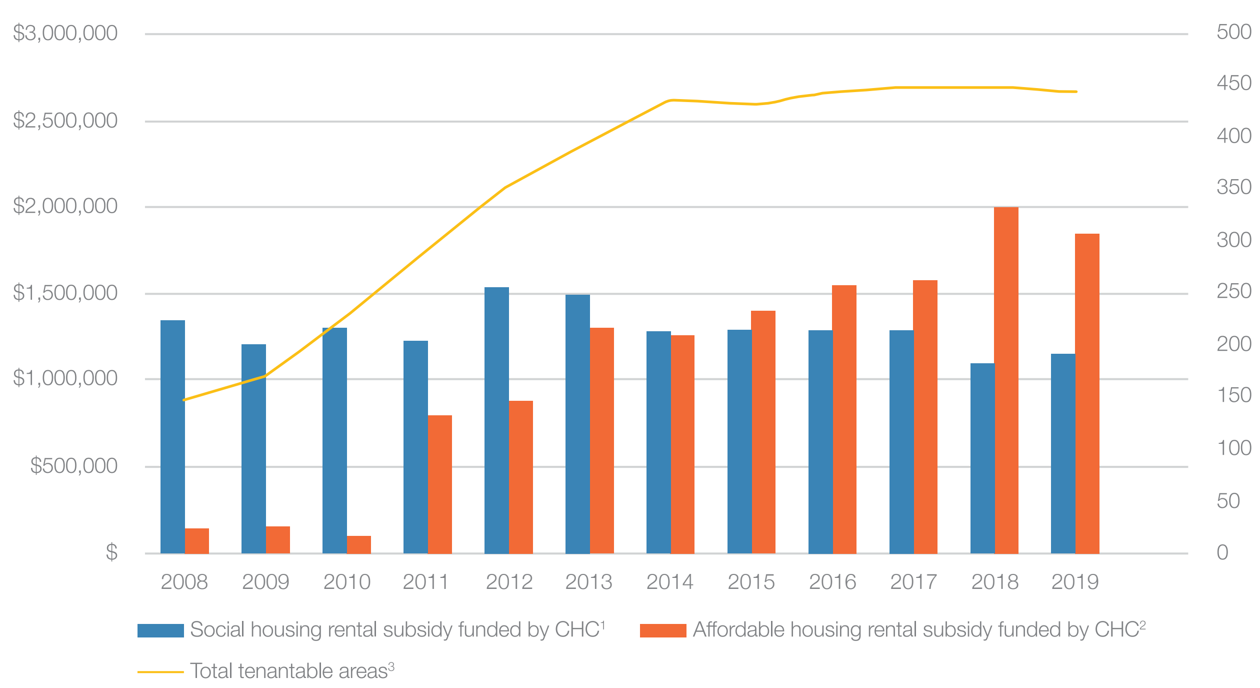
$137m
total equity

$4.3m
EBITDA

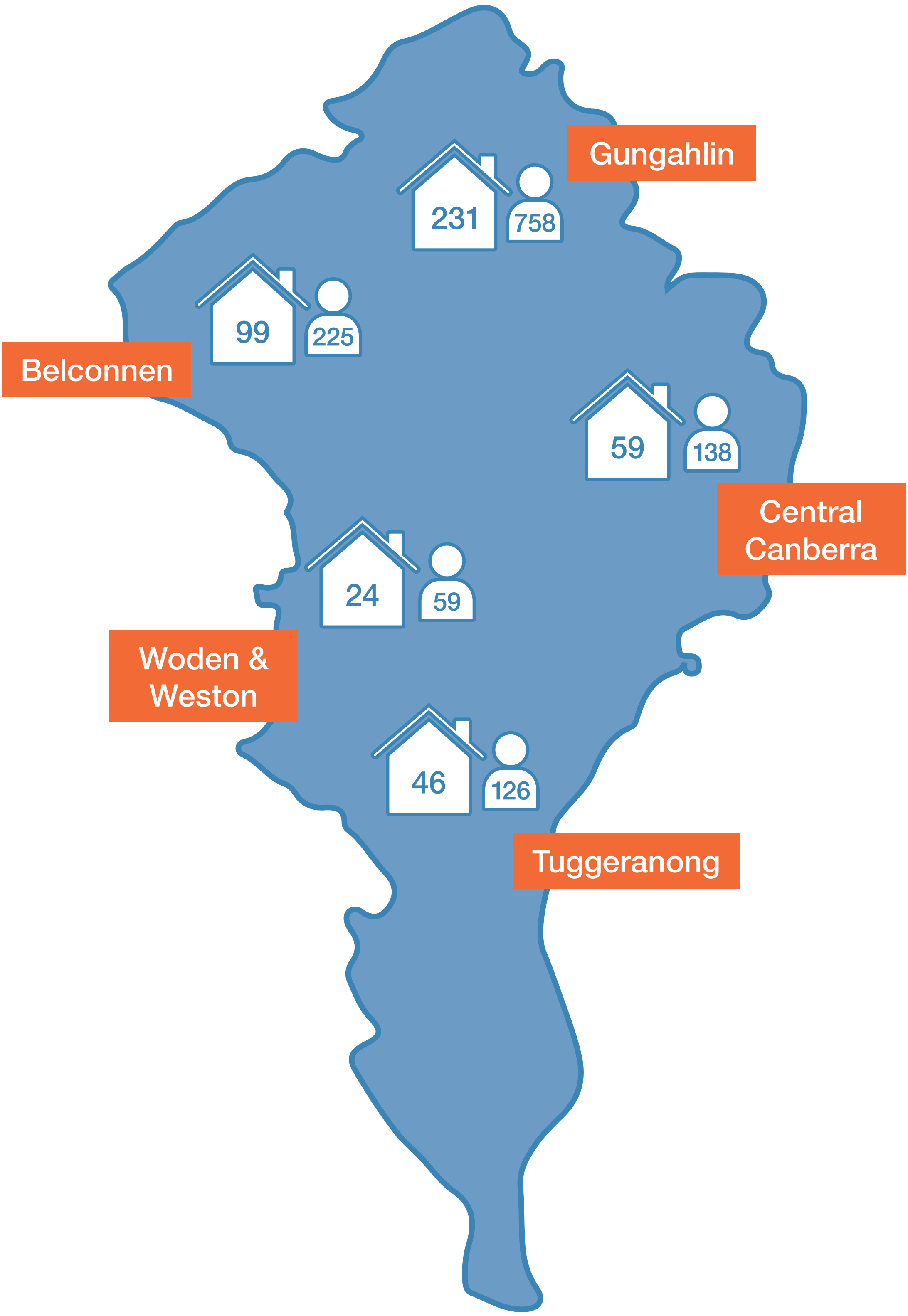
10
community development events

9
scholarships awarded by CHC

Rental subsidy funded by CHC and tenantable area growth



[1]Social housing operates on a Rebated Rent Model (25% of household income plus Commonwealth Rent Assistance).
[2]Affordable housing operates on an Affordable Rent Model (74.9% of market rent).
[3]Total tenantable areas of 487 is greater than total residential properties of 459 due to multiple tenancies within each of CHC's group homes.



459 Houses owned/ managed

1,306 Residents

Our Vision:

Safe and secure homes in strong communities.

Our Mission:

To provide affordable homes, principally for rent, to individuals and families.

Our Values:

Customer centric

Everything we do directly or indirectly delivers value to our current or prospective future tenants.

Authentic

We are genuine and respectful in our dealings with our tenants, staff and all stakeholders.

Collaborative

We proactively partner with others to deliver greater value and manage risk.

Innovative

We bring fresh thinking to tackle industry challenges and to better meet our tenant needs.

Continuous Improvement

We strive to continuously improve all we do, and accept that some of the greatest learnings and advances will result from initiatives that fail.

Report from the Chair

Closing the supply-demand gap

Following our milestone 20th anniversary last year, and aligned with our 2018-2022 Strategic Plan, this year the Board and management team has focused on preparing and positioning CHC for future growth in supply of affordable rental housing.

The need for growth stems from the large and growing unmet demand for affordable rental housing within the ACT, resulting from Canberra's housing affordability crisis. Independent research suggests that the social and affordable housing shortfall today within the ACT is over 5000[1]. With Canberra median rents being amongst the highest out of any capital city in Australia[2], today almost half of lower income households in the private rental market are in a state of housing stress. Such a situation impacts health and well-being, ability to maintain education and employment, and ability to partake fully in the community.

CHC's identified need to grow the supply of affordable rental housing aligns with key ACT Government objectives contained in the ACT Housing Strategy.

Strong performance against plan

In terms of key output measures, during the year the organisation:

- Grew social and affordable tenancies under management to 487, reflecting an 8% increase;
- Launched new business line, HomeGround Real Estate Canberra, Canberra's only not-for-profit licenced real estate agency, and achieved growth of 43 social and affordable tenancies under management;
- Completed construction and settlement of 43 affordable homes at Moncrieff and Throsby as part of the ACT Government's Land Rent Scheme, and in doing so provided a home ownership opportunity to 43 lower income Canberra households, including over ten former CHC tenant families;
- Commenced construction on ten specialist disability homes in Macgregor and Kambah, to be retained by CHC for future residents with physical support needs;
- Commenced construction of the first stage of the major Downer development, comprising 37 townhouses for market sale, finalised design and planning works for the second stage comprising 123 apartments, and undertook planning for the delivery of affordable retirement living options for the third stage of the development; and,
- Finalised design and planning works for the 47 new homes in Throsby, including 29 affordable homes for sale as part of the ACT Government's Land Rent Scheme.

From a financial perspective, in delivering these outputs the organisation:

- Maintained provision of a self-funded direct rental subsidy to lower income Canberran households of $3m;
- Reduced administrative and employee expenses by 19% on prior year, enabling delivery of a positive underlying net surplus and positive underlying cash flow;
- Grew Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) to $4.3m;
- Grew net surplus / (deficit) to $0.7m; and,
- Grew total equity to $137.3m, on the back of an $11.7m increase in asset revaluation reserve.

[1] UNSW City Futures Research Centre, Estimating need and costs of social and affordable housing delivery, Dr Laurence Troy, March 2019, https://cityfutures.be.unsw.edu.au/research/projects/filling-the-gap/

[2] Domain House Price Report, June Quarter 2019

A critical juncture

Despite strong performance against plan and above budget growth in affordable rental supply this year, CHC is facing significant headwinds that threaten not only the ability to continue to grow, but even the ability for CHC to maintain current supply. These include ACT Government debt facility principal repayment obligations (currently $2.5m per year, growing to $3.5m per year from 2021), and the roll-off of the Commonwealth Government's National Rental Affordability Scheme (NRAS) resulting in a progressive loss of over $2m of annual revenue from 2020.

Consistent with the 2018-2022 Strategic Plan, CHC has for the past year continued to actively engage the ACT Government with the objective of reaching an agreement that would enable continued growth in affordable rental supply by CHC.

Reflections and farewell

Having served on the CHC Board for the past ten years, I am incredibly proud of CHC's performance in successfully delivering on the ambitious ten year 10% year-on-year affordable rental growth target set by the ACT Government back in 2008.

Since 2008 CHC has increased its social and affordable rental stock by $110m, and in providing appropriate and affordable accommodation, delivered rental subsidies of $28m to its social and affordable housing tenants. In other words, with $70m of ACT Government support through a debt finance facility, it has delivered over $138m in community benefits in stock and subsidies.

I am also very proud of the fact that over the same time period CHC has also supported 319 lower income Canberran households into home ownership through CHC-developed properties.

This is an unprecedented achievement in the community housing sector nationally, and demonstrates the efficiency with which social and affordable housing can be delivered with the right Government policy settings, reducing the capital burden on Government and reliance on its services.

Given my impending retirement at the upcoming Annual General Meeting, I would like to take this opportunity to thank my fellow directors, independent committee members, the CEO, Andrew Hannan, and our staff for their tireless commitment and contributions to CHC. It has been an absolute pleasure to work with you all.

Thank you also to our tenants who are central to everything we do, and to the many partners who support us.

I wish CHC all the very best in continuing to deliver for the Canberra community for many years to come.

Col Alexander, OAM
Chair

CEO Report

Strategic plan implementation

The focus of management throughout the year has been firmly centred on delivery against the 2018-2022 Strategic Plan, so as to position CHC to deliver the following strategic goals and associated targets:

1. **Financially sustainable business model** – achieve positive underlying net surplus and cash flow by 2020;
2. **Outstanding tenant experience** – top quartile tenant satisfaction; and,
3. **Increased impact** – 2000 tenants by 2022 in appropriate, safe and secure homes, with $30m direct rental subsidy to tenants by 2022.

Specific activities that have been successfully delivered by management during the year as part of "Phase 2 – Transform" and "Phase 3 – Grow" of the 2018-2022 Strategic Plan include:

- Align structures, roles, processes and systems with new strategy;
- Deliver cost reduction and revenue growth;
- Establish clear performance targets for the organisation and staff;
- Prepare for systems transformation to support future growth;
- Rationalise development pipeline and asset mix; and,
- Launch not-for-profit licenced real estate agency, HomeGround Real Estate Canberra, to support growth of a portfolio of third-party-owned homes under management.

The major activity that remains outstanding is securing ACT Government support for a capital restructure, which is necessary to enable sustainability of existing, and further growth, in affordable tenancies.

Such support is key to unlocking the ability for CHC to grow through leveraging debt finance via the Commonwealth Government's National Housing Finance and Investment Corporation (NHFIC), and better positioning CHC as an attractive partner for equity investors and other partners.

Performance results

Key performance results against the strategic goals and targets is as follows:

1. **Financially sustainable business model**
    - Positive underlying[1] net surplus and cash flow delivered earlier than expected, though is not sustainable absent securing ACT Government support for a capital restructure.
    - 9% growth in underlying EBITDA to $3.6m.
    - Enablers include cost reduction and effective cost control measures, and a focus on operational excellence, resulting in a 19% reduction year-on-year in administrative and employee expenses, and 30% reduction over two years.
2. **Outstanding tenant experience**
    - Maintenance of top quartile tenant satisfaction.
3. **Increased impact**
    - 8% increase in affordable tenancies under management to 487, corresponding to over 1,300 residents.
    - Enablers include successful launch of HomeGround Real Estate Canberra including securing 43 social and affordable tenancies under management, as well as the development and hold of two new affordable rental homes.
    - Also delivered 43 new affordable homes for sale at Moncrieff and Throsby, providing a home ownership opportunity to lower income Canberra households, including over ten former CHC tenant households.

[1]Underlying performance excludes impact of development expenses (including allocations of corporate overheads to development) and development revenue.

Building partnerships

During this year the advent of NHFIC and the associated concessional debt finance available for community housing developments (including mixed use developments) has increased the attractiveness of community housing providers as investment partners to for-profit equity and/or developer partners.

Through membership of industry peak bodies, the Community Housing Industry Association and PowerHousing, and with other related industry peak bodies, we actively contribute to advocacy at all levels of Government to support the growth of the community housing sector.

Notwithstanding the criticality of the discussions that remain underway with the ACT Government regarding CHC's capital structure, aligned with our growth strategy, we continue to actively pursue mutually beneficial partnership opportunities. Examples of the types of partnerships include:

- Equity capital market participants seeking to invest in affordable rental developments, supported by a government subsidy, and with a secure long term lease and professional property management by CHC, with potential access to not-for-profit tax incentives;
- Developers seeking to improve investment returns by partnering with CHC to deliver a component of a new development as affordable housing, and in the process win ACT Government Lease Variation Charge remission, and/or other planning concessions;
- Developers seeking to access below market financing available through NHFIC by partnering with CHC to deliver mixed use developments incorporating a component of affordable housing; and,
- Government equity partnering / co-investment such as through contribution of land to earn an equity stake, and support financial sustainability, of new affordable rental developments.

Thank you

A very big thank you to our staff for embracing change as we have implemented the strategic plan. A special thanks to Megan Ward, General Manager of Operations, who has performed commendably in taking on direct responsibility for the successful start-up of HomeGround Real Estate Canberra, and the IT transformation project, in addition to her normal line management responsibilities.

A thank you also to our valued Board of Directors – your direction, guidance, support and level of input is greatly appreciated. The contribution and service of the Chair, Mr Col Alexander, OAM, over ten years to CHC has been instrumental to the organisation that CHC is today, and all of CHC's major achievements. His service is greatly appreciated by management and staff, and his input and expertise will be sorely missed following his upcoming retirement.

Thanks to our tenants for your contribution to CHC and input to all of our tenant programs and activities. Thanks also to our many partners and contractors that support delivery against our mission.

Andrew Hannan
Chief Executive Officer

Corporate Governance & Risk Management

CHC plays an important role in the lives of people in our community.

Upholding trust is essential to what we do. These simple truths underpin the need for our long-term viability and stability.

We're constantly monitoring and evolving our management processes. Doing so helps us deliver the best social outcomes and financial performance, and guard against any risks that may arise.

Board of Directors

Our independent Board of Directors provide vital oversight and direction to the executive management team, helping to drive the growth and strength of the organisation.

Providing excellent service to our clients is at the heart of our objectives. We seek to foster innovation and excellence in the housing we offer. Expanding our portfolio of rental properties allows us to create more housing opportunities for people living in our community.

Each member of the Board is hand-picked to bring a skill set that helps CHC meet our charter. Directors are appointed for their expertise in housing development, asset management, community and social policy development, law, finance, or accounting.

This year we welcomed a new Board Member in Jim Douglas whose real estate experience and license has been essential to the establishment of HomeGround Real Estate Canberra.

This year, we thank the following Directors for their ongoing commitment and contributions to the success of our organisation:

Colin Alexander OAM, BA (Acc), FCPA	Chair; Chair Development Committee, Member Finance Committee
Paul Green MG, BA, LLB (Hons)	Deputy Chair; Member Development Committee; Member Audit and Risk Committee
Rebecca Vassarotti BA/MEnvLaw	Director; Chair Community Committee
Cathi Moore BA (Social Science)	Director; Chair Audit and Risk Committee, Member Community Committee
Clare Wall B Ec, Dip Rec. Pl, M Pub Pol	Director; Member Community Committee
Paul Carmody BA (Admin)	Director; Member Development Committee
Jill Divorty B Bus (Acctg & Fin), MBA, FCPA, GAICD	Director; Chair Finance Committee, Member Audit and Risk Committee
Jim Douglas AVI, Certified Practising Valuer, Licensed Real Estate, Business, Strata & Stock & Station Agent	Director; Member Audit and Risk Committee

Additional information about our Directors can be found on page 31 of this report.

Corporate Governance & Risk Management

Executive Team

Reporting to the Chief Executive Officer, our executive team provides strategic leadership and managerial insight for the organisation. As an outcome of the strategic review in early 2018, a flatter and more efficient organisation has been implemented with heads of functional areas of Operations, Development, Finance, HR, Risk and Compliance all reporting directly to the Chief Executive Officer.

Audit & Risk Committee

CHC's Audit and Risk Committee oversees organisational risk; maintains an effective control environment (including systems for internal monitoring and financial and fraud control); maintains reliable financial reporting; ensures compliance with applicable laws, regulations and guidelines; and, maintains effective audit functions. The Committee meets regularly with the CHC executive team, enhancing communication between the Board and external auditors.

Community Committee

CHC's Community Committee helps to ensure that the organisation continues to provide exceptional service to our tenants, and that a strong sense of community is fostered through our community development program.

Development Committee

CHC's Development Committee was established to guide our organisation's property development activity. During the year the committee oversaw the now delivered Moncrieff and Throsby developments and the current Downer, MacGregor and Kambah developments.

Finance Committee

CHC's Finance Committee assists the Board by providing oversight for all strategic finance matters of the Company, not otherwise assigned to the Audit and Risk Committee. Without limitation, the Finance Committee reviews the Company's capital allocation process and financing strategy, the Company's annual budget and business plan, the Company's capital structure, including cash flows, gearing and equity, and the Company's finance papers.

Regulatory Compliance

Implementation of CHC's regulatory compliance responsibilities has been embedded in the Constitution of CHC, and in the organisation's corporate governance guidelines.

CHC is a not-for-profit company registered under the Corporations Act 2001.

CHC is a Charity, and endorsed as a Public Benevolent Institution. This status is determined by the Australian Taxation Office and Australian Charities and Not-for-Profit Commission (ACNC).

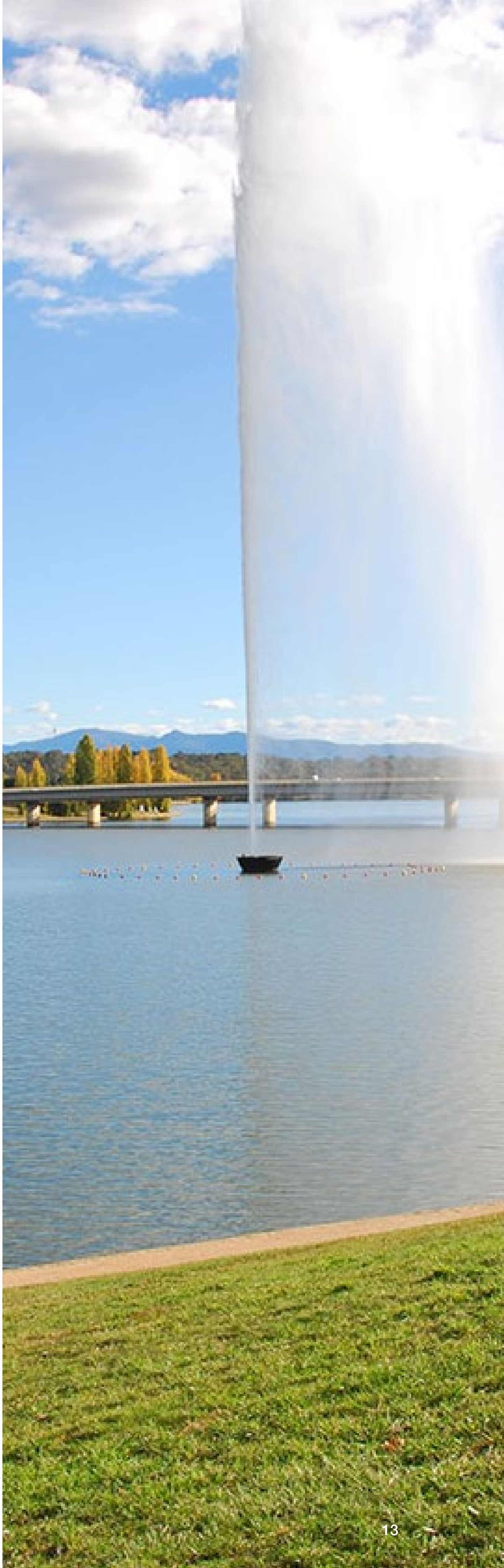
CHC is also registered as a Tier 1 provider under the National Regulatory System for Community Housing (NRSCH) Providers. This registration is the highest attainment under this system and CHC is committed to maintaining this status.

CHC remains an approved participant under the National Rental Affordability Scheme (NRAS) and is committed to maintaining and maximising incentives under the Scheme for itself and its Non-Entity Joint Venture investors.

CHC is a registered provider of Specialist Disability Accommodation with the National Disability Insurance Scheme (NDIS).

CHC is also a licensed real estate agent in both the ACT and NSW.

CHC complies with Accounting Standards as determined by the Australian Accounting Standards Board. The ACT Auditor General, in accordance with CHC's constitution, conducts an annual audit of CHC. An additional external agency conducts audits on both the ACT and NSW HomeGround Real Estate Canberra Trust Accounts. These financial statements are published in full within CHC's Annual Report.



Our Staff

Our employees deliver high-quality services to our applicants and tenants. Their passion, commitment, diverse skills, capabilities and experience are key drivers of our success. Our staff enable CHC to strive for greater success and as such attracting, developing and retaining talented employees is essential to the delivery of our vision and mission.

While recognising the collective contribution our staff make, we have a robust training calendar that is directly linked to individual development plans. CHC employs a performance management framework to provide regular, ongoing, feedback and encouragement to staff. We also maintain training and development programs so that our team may advance in both their personal and professional lives.

We were proud that valued colleague, John Ter Horst, won ACT's most inspiring team member in the AHI Professional Excellence in Housing Awards in June.

Maintaining staff wellbeing and satisfaction is very important to CHC and staff have access to external wellbeing services including access to gym memberships or swimming passes at the AIS and an Employee Assistance Program. A positive workplace culture is contributed to by all staff and a social committee organises regular social activities to help foster that culture.

We are thankful to our staff and the contribution they make to CHC every day.

CHC Operations Team


CHC CEO Andrew Hannan with team members Brent and Tanya at a team outing


CHC team members Sally, Yee, Daniela and guest at HomeGround Real Estate Canberra Launch

Launching HomeGround Real Estate Canberra

In April 2019 significant inroads were made in achieving CHC's ambitious target of housing 2,000 Canberrans by 2022 with the launch of HomeGround Real Estate Canberra.

Launching HomeGround had involved over 12 months of planning, and was made possible through the award of a $230,000 grant under the ACT Government's Affordable Innovation Fund in 2018.

Based on a successful model already in operation in Melbourne and Sydney, HomeGround works to increase the supply of affordable rental properties by providing landlords an option to rent their property either at or below the market rate. Landlords who choose to rent their property below market rate can claim a tax deduction for the difference through an ATO Tax ruling which allows for rent discounts to be treated as a charitable donation. Furthermore, Landlords can qualify for a full land tax exemption, thanks to an amendment to the land lax bill allowing landlords who rent their property under 75% of market rent through a registered community housing provider to be exempt. HomeGround also does traditional market rent property management with all profits from management fees being reinvested into CHC's affordable rental projects.

The official launch by ACT Deputy Chief Minister and Minister for Housing, Yvette Berry, MLA, took part at Mills & Oakley who kindly donated use of their modern office space on Thursday 9th May 2019. Other members of the Legislative Assembly, and senior figures in the ACT property industry were also in attendance with representation from All Homes, who were a key sponsor of the HomeGround Launch. Maria Edwards was introduced as the newly appointed business development and property manager, an engaging explainer video was presented on the night, along with a HomeGround Booklet for landlords and the HomeGround website went live.

As at September 2019, HomeGround has grown strongly and rapidly and we have secured the management of 79 private rental properties, housing 110 residents. At present the HomeGround Canberra property portfolio consists of a diverse mix of one-bedroom, two-bedroom and three-bedroom properties. These properties are located close to public transport, local amenities, education and employment opportunities, helping tenants to achieve their goals, increase their income, and broaden their future housing options. Over the next two years, HomeGround aims to increase the size of its portfolio by 100 properties per annum to further extend our impact throughout Canberra's lower income households.

HomeGround Real Estate Canberra

Supported by

ACT Government

allhomes

Special thanks for the support of the ACT Government and All Homes

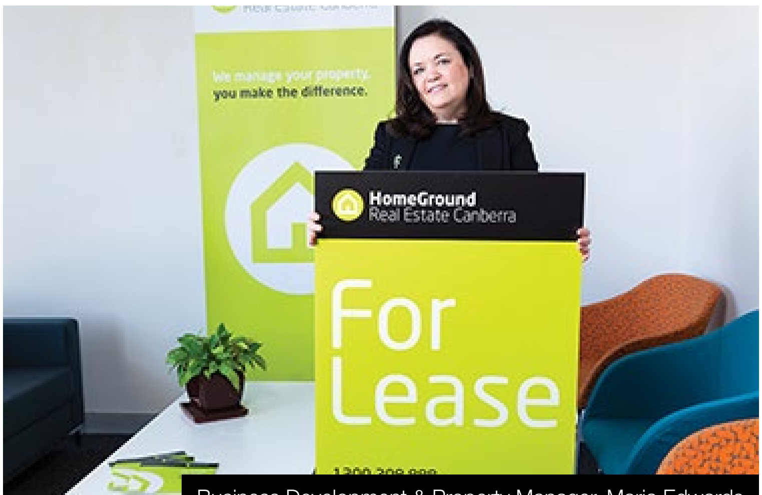
Terry Livingstone of HomeGround Real Estate Sydney, Maria Edwards of CHC, Deputy Chief Minister Yvette Berry MLA, Simone Curley of HomeGround Real Estate and CHC CEO, Andrew Hannan

CHC CEO Andrew Hannan with Mark Parton MLA

CHC Board Members Paul Green, Rebecca Vassarotti, Cathi Moore and Jim Douglas

Learn more

Click to watch the HomeGround Real Estate Canberra info video



Business Development & Property Manager, Maria Edwards

Community Development

CHC's Community Development program exists to resource and empower the lives of our tenants. In line with our strategic direction to deliver outstanding tenant experience, we aim to support and encourage our tenants through initiatives which foster and support education, employment, social inclusion and community engagement.

CIT Partnership

We place a high level of importance on community partnerships, as a means to facilitate greater community engagement with CHC tenants. We continue to have a successful partnership with CIT Bruce where CHC provides an off-site learning experience for local students and in return, the students scope educational and training opportunities throughout the year for our tenants.

This year CIT students sourced a computer training course through Unity College and refurbished laptops from Canberra City Care for all the participating tenants. Not only did CHC tenants gain new important vocational skills and a laptop but CHC established the possibility of future successful partnerships within the community.

CHC tenant learning the art of coffee-making thanks to the CIT partnership

Ken Horsham Scholarship

In February CHC opened the Ken Horsham Scholarship for the second time, an initiative to assist CHC tenants to achieve their study goals. The late Ken Horsham was a founding director of CHC and served in various roles from 1998 onwards, including Chair of the Board of Directors. Ken had a strong interest in progressing his community and a passion for social justice and it is in this spirit that we honour him with this scholarship.

A total of nine CHC tenants received small scholarships up to the value of $1,000 to support their study, including assistance with new laptops, books, course fees, rent, child care, and cost of transport.

An electronic newsletter and social media was used to alert tenants that applications for the scholarship were open and they were directed to CHC's website to learn more information and to access the application forms if they wished to apply.

A scholarship awards ceremony was held at Gungaderra Homestead. Andrew Hannan along with Ken Horsham's wife, Mary Horsham, presented the scholarships. It was great opportunity for many CHC staff and management to meet some of the tenants and learn about their career aspirations.

We would like to acknowledge tenants, Chloe, Angela, John, Samantha, Donna, Paula, Michael who were all recipients of the scholarship in 2019.

Recipient feedback

"I wish to thank both the family of Ken Horsham, and CHC for the scholarship allowing me to purchase a laptop to use in my studies for a Diploma in Community Services at CIT.

This course is important to me in so many ways – as well as leading to a qualification enhancing my employability and financial independence, there are strong personal benefits to this.

Whilst a tenant with CHC I have undergone period of chronic illness and depression including two spells on life support. This experience, and the wonderful support of medical staff and support agencies (including CHC) in the community, have given me a new perspective in terms of what direction I want to go in with my life and career. I wish to take my recent experiences – which could easily be perceived as negative – and make something positive of them, by using my academic, work and personal experience to help others in a similar situation.

After a long period of not feeling, I am contributing through my illness I now have a sense of self-worth and value; rather than being trapped in the vicious circle of benefits and reliance. This is important to me, CHC are a wonderful organisation in providing the tools to break the circle of demotivation and negative perception but they do not patronise their tenants – at the end of the day they facilitate growth without simply handing an accommodation over – and allow people to take responsibility for their future.

For me, much class work and assignment submission is done through the CIT's e-learn online system, and a laptop is required for in-class and home study. This is especially important for me if CIT is to accommodate me during periods of illness to allow me to study remotely.

Personally, this - and other support from CHC - has already gone a long way in restoring the sense of dignity and positivity in life, which I have missed in recent years. CHC has already been an incredible part of my recovery and I hope to repay that investment and belief by working towards a positive future both for myself and others" - John

CHC CEO Andrew Hannan with Mary Horsham and the Ken Horsham Scholarship recipients

Community Development

Social inclusion

We deliver a variety of events and activities that target the different demographics that make up our tenant community to foster social inclusion and provide tenants with new skills and/or special experiences.

During 2018/19 such opportunities included Barista training, Construction White Card, RSA (Responsible Service of Alcohol) Certificates, DIY maintenance course at Bunnings, a family-fun day trip to Mogo Zoo and an Over 55's bus trip to Tulip Time to Bowral.

Tenant feedback from Mogo Zoo Trip

"It was a lovely day, we all had fun. We appreciate every step CHC takes to look after their tenants in their own beautiful way." - Ravi family

Tenant feedback from Tulip Time

"I appreciate you inviting me to Tulip time. It was such a good time. Beautiful weather, comfortable bus ride with great driver. Today was second time I came out to take part in a CHC activity. I thoroughly enjoyed it." - Zahra

CHC tenant family at the Mogo Zoo trip

School Holiday Programs

During 2018/19 CHC provided two opportunities for the children of CHC tenants to attend school holiday programs. In April 12 children attended the AIS sports program for the third year in a row. A grant received from the Southern Cross club contributed to this special opportunity and provided children with sports items to take home.

In October 8 children also attended Kulture Break's (a Canberra based not-for-profit youth services provider) school holiday program titled 'Spring Up'. This four day program consisted of activities, excursions, dance classes and was rounded out with a dance performance for family members and friends.

We continue to receive an overwhelming number of applications for school holiday programs as they alleviate much household stress with families who often have to take leave or struggle to make arrangements for children during the school holiday period and the children enjoy the activities as well .

Tenant feedback

"Thanks again for this Fantastic opportunity for Rhys. Thank you for everything that you do to make it easier for us parents, with entertaining the kids and more" - Terri-Anne

Child feedback

'I did enjoy it. I liked it so much! Enjoyed listening to the presenters and Swimming was my favorite activity! Yes, I would like to go back and do the program again." - Elliot, 5 years

CHC child at the AIS school holiday sports program


CHC kids at the AIS school holiday sports program

Our Developments

CHC has made significant progress in our developments this year.

Keeping in line with our mission and vision CHC is committed to growing our affordable rental portfolio as well as developing affordable homes for sale to lower income Canberrans.

Moncrieff 35

In late 2018, CHC completed construction of 35 homes in Moncrieff under the ACT Government's Land Rent Scheme. "Moncrieff 35" offered a mix of two and three bedroom single and two storeyed homes. Moncrieff is fast-becoming a popular choice for first home buyers. Ideally located on Horse Park Drive between the established suburbs of Ngunnawal and Amaroo, Moncrieff enjoys close proximity to the Gungahlin Town Centre and the newly completed Casey shopping precinct. The suburb includes playgrounds, walking trails, ponds, a group center and community facilities.

Through the Moncrieff development, CHC assisted our tenant families to progress along the housing continuum from affordable rental to affordable home ownership. Eight CHC tenants were able to purchase their own home in "Moncrieff 35".

CHC hosted a meet and greet for CHC tenants turned home owners at the completion of the development and it was a great opportunity to meet the many proud homeowners excited to move into their new homes.

CHC CEO Andrew with CHC tenant-turned-homeowner family at the Moncrieff meet & greet event

Specialist Disability Accommodation

MacGregor

This year saw the completion of the first Specialised Disability Accommodation (SDA) development by CHC. A four bedroom beautifully presented duplex in MacGregor was designed to achieve the platinum level certification under the Liveable Housing design Guidelines for people with high physical disability support needs.

This single level duplex features four bedrooms, fully accessible and adjustable kitchens, laundry and bathrooms.

Assistive technology ready, these homes have structural provisions for installation of future celling hoists.

The MacGregor development was completed in June 2019 and will be a home rented to four individuals with high physical disability.

SDA Property Key Features

Kambah

Following the success of CHC's MacGregor development, CHC commenced development of eight more SDA dwellings in the southern suburb of Canberra.

Once completed, the Kambah development will have eight dwellings designed to achieve the platinum level certification under the Liveable Housing Design Guidelines for people with high physical disability support needs.

The Kambah development is due for completion in early 2020.

- Ten (SDA) High Physical Support bedrooms
- Fully wheelchair accessible
- Grab rails in bathrooms
- Accessible carpark
- Step free entry and sliding windows
- Hob-less showers
- Assistive technology ready

“The Bradfield” at Downer

This year saw the ongoing construction of Stage One of CHC’s new community called “The Bradfield”. “The Bradfield” is located in close proximately to Canberra’s City Centre and minutes away from the Downer and Dickson shops. “The Bradfield” sits on an axis of diverse leisure and active experiences, bringing endless opportunities to the prospective buyers and their families.

“The Bradfield” site is a well-known location in Downer. From 1962 to 1988, the site was home to Downer Primary School. In its glory days, the school was an integral part of the local community, and many who grew up in the area have fond memories of their time playing in the schoolyard. Years on, the site is now ready for a new lease of life.

The Townhouses

Stage One

Stage one of “The Bradfield” consists of 37 two and three bedroom townhouses.

The distinctive two and three bedroom homes feature a gourmet kitchen with stone benches, induction cooking and the latest in modern appliances. Light-filled, open-plan living and dining areas allow for optimal enjoyment of the new home to its residents.

This project is due for completion in early 2020.

“The Bradfield” Key Features

The Residences

Stage Two

Stage two of “The Bradfield” offers distinctive one, two & three bedroom single floor apartments.

All residences feature at least one courtyard or balcony, many with two, so that the residents can enjoy pottering outdoors in the Canberra sunshine and the views of Downer’s abundant greenspace.

“The Bradfield” development will help revitalise the Downer Shops and help create a vibrant hub in the centre of Downer.

The Townhouses:

- Spacious bedrooms
- Study
- Ensuite
- Generous courtyard with lush gardens
- Double lockup garage

The Residences:

- Spacious bedrooms
- Large areas of green space
- Large courtyards & balconies
- All residences are single level
- Internal parking with lift access
- Off grid power provisions

COMMUNITY HOUSING CANBERRA LIMITED

(A company limited by guarantee)

ACN 081 354 752

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

Contents to the Financial Statements

Corporate information ____ 3
Directors' qualifications, experience and special responsibilities ____ 4
Directors' report for the financial year ended 30 June 2019 ____ 6
Directors' declaration ____ 10
Auditor's independence declaration ____ 11
Independent Audit Report ____ 12
Statement of comprehensive income ____ 14
Statement of financial position ____ 15
Statement of changes in equity ____ 16
Statement of cash flows ____ 17
Notes to the financial statements for the year ended 30 June 2019 ____ 18

Corporate information

Company number	ACN: 081 354 752
Directors	C Alexander (Chair) P Green (Deputy Chair) C Moore J Divorty R Vassarotti C Wall P Carmody J Douglas (appointed on 24 January 2019)
Company Secretary	B Iggo (appointed on 1 September 2018)
Registered Office	224/29 Braybrooke Street Bruce ACT 2617
Principal place of business	224/29 Braybrooke Street Bruce ACT 2617
Banker	Westpac Banking Corporation Cnr Badham St & Woolley St Dickson ACT 2602
Auditor	ACT Audit Office P O Box 275 Civic Square ACT 2608

Directors' qualifications, experience and special responsibilities

Name	Qualifications	Experience	Special responsibilities
Colin Alexander	OAM, BA (Acc), FCPA	Extensive corporate finance and accounting expertise and over 25 years' experience in the land development and construction industry. CEO of ASX listed CIC Australia Ltd since its founding in 1986 and retired in December 2015. Now consulting to Peet Limited (owner of CIC) on various development Boards, Chairman of the Canberra MBA Fidelity Fund, Board member of the ACT Property Council, Board member of the MBA Skills Centre Building Fund. CHC Board member since October 2009.	Chair Chair (Development Committee)
Paul Green	MG, BA, LLB (Hons)	Provides legal advice to property developers and major builders nationally and internationally on project delivery including structure, tax, acquisition, construction and financing. Previously managing partner of Meyer Vandenberg Lawyers following an initial 21 year career as an officer in the Australian Regular Army. Has previously lectured in Building and Construction Law at the University of Canberra. Board member of the Lidia Perin Foundation. Board member since October 2011.	Deputy Chair Member (Audit Committee) Member (Development Committee)
Cathi Moore	BA (Soc Sci)	Extensive experience in public administration, both in the social policy and program management areas and has a wide range of experience in the community sector. 10 years at the Senior Executive Level managing a range of commercial and operational areas and reviewing the efficiency and effectiveness of government services in the former Commonwealth Department of Administrative Services (DAS). President Parentline ACT Inc. Board member since October 2007.	Director Chair (Audit Committee) Member (Community Committee)
Rebecca Vassarotti	BA/MEnvLaw	Long term executive experience in the non-government sector. Currently works as an independent consultant and serving as a community member of the ACT Civil and Administrative Tribunal (on guardianship and energy and water matters). Prior work has included working at senior levels in national peak organisations, including the Australian Council of Social Service and Consumers Health Forum and leading the YWCA of Canberra, a locally based gender advocacy and community organisation. Prior to this was a senior officer in the ACT Government. Previous Government appointments have included the National Implementation Panel to Reduce Violence Against Women and Children, the ACT Portable Long Service Leave Board and the Government Delegation to the 2013 United Nations Commission for the Status of Women. Board member since November 2013.	Director Chair (Community Committee)
Clare Wall	B Ec, Dip Rec. Pl, M Pub Pol.	Currently working as an Associate and Partner with consultancy firm, SGS Economics and Planning. Has previously worked as Branch Head - Housing Policy, for the Commonwealth Government, and in senior housing and planning roles for the ACT Government. Recently completed training in Crime Prevention through Environmental Design. Is a member of the Planning Institute of Australia, and has a particular interest in housing, economic development, social planning and active recreation. Board Member since August 2015.	Director Member (Community Committee)
Paul Carmody	BA Admin	Has worked as senior executive in the Commonwealth Department of Health, National Capital Authority, Deputy Director General Health Infrastructure in the ACT Health Directorate and as General Manager for Hindmarsh Pty Limited. Paul has extensive experience in the ACT Construction and Property industries and has a particular interest in residential planning, building design, housing affordability and the use of renewable energy.	Director Member (Development Committee)
Jill Divorty	B.Bus(Acctg&Fin), MBA, FCPA, GAICD.	Has had extensive experience in both federal and state level public sector, with a focus on large scale procurement and project management, finance and accounting, and residential housing management. Jill has held senior executive level positions with Defence Housing Australia, National Blood Authority and as Head of ACT Shared Services Centre.	Director Chair (Finance Committee) Member (Audit Committee)

Directors' qualifications, experience and special responsibilities - continued

Name	Qualifications	Experience	Special responsibilities
James Douglas	AVI, Certified Practising Valuer, Licensed Real Estate, Business, Strata & Stock & Station Agent	Has an accounting background and extensive experience in all aspects of real estate. Extensive valuation experience for private, Tax, Court-related, Family Law and Superannuation Fund property valuations. Accredited trainer and assessor (ACT and NSW Certificate of Registration and Licence qualifications). Board Member since January 2019.	Director Member (Audit & Risk Committee

Directors' report for the financial year ended 30 June 2019

The Directors present this report to the members of Community Housing Canberra Limited ("the Company") for the year ended 30 June 2019 and the auditor's report thereon.

Directors

The Directors of the Company during the 2018-19 financial year and to the date of this report are:

			Directors' Meetings		Audit	
	Date Appointed	Date Ceased	A	B	A	B
Mr Colin Alexander (Chair)	30-Oct-09	-	5	7	-	-
Mr Paul Green (Deputy Chair)	30-Oct-11	-	7	7	4	5
Ms Cathi Moore	30-Oct-07	-	6	7	4	5
Ms Rebecca Vassarotti	26-Nov-13	-	5	7	-	-
Ms Clare Wall	08-Sep-15	-	7	7	-	-
Mr Paul Carmody	02-Aug-16	-	6	7	-	-
Ms Jill Divorty	07-Dec-17	-	6	7	4	5
Mr Jim Douglas	24-Jan-19	-	3	7	1	3

A *Number of meetings attended*
B *Number of meetings held during the time the Director held office during year*

Mr Stephen Seesink, the Company Secretary resigned on 31 August 2018. Mr Brent Iggo was appointed as Company Secretary on 1 September 2018. KPMG, Sydney, is the Company's Australian Charities and Not-for-profit Commission (ACNC) agent.

Directors' Interests and Benefits

Mr Paul Green is the Practice Director of Professional Engagement Group Pty Ltd which was engaged during the financial year to provide legal advice for the Company on project development and development negotiation matters totalling $23,130 (2018: $2,119).

Other than the engagement mentioned above, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors or other key management personnel transactions shown in the financial statements at Note 23) by reason of a contract made by the Company or a related Company with a Director or with a firm of which the Director is a member, or with a Company in which he/she has a substantial financial interest. The Company's Directors are remunerated in conjunction with acting in their capacity as a Director.

Environmental Regulations

The Company's development and asset management activities are subject to environmental regulations under both Commonwealth and Territory regulations. The Company aims to achieve a high standard in environmental matters. The Directors have not received notification nor are they aware of any breaches of environmental laws by the Company.

Short and Long Term Objectives and Strategies

During the 2018-19 financial year, the Company continued to implement the five year Strategic Plan for 2018-2022. The Vision, Mission and Values remain as follows:

Vision: *Safe and secure homes in strong communities*

Mission: *Provide affordable homes, principally for rent, to individuals and families*

Values: *Customer Centric, Authentic, Collaborative, Innovative and Continuous Improvement*

The following strategic goals, each with associated strategic targets remains as follows:

1. Financially sustainable business model – to achieve positive underlying net surplus and cash flow by 2020;
2. Outstanding tenant experience – Top quartile tenant satisfaction; and
3. Increased impact – 2000 tenants by 2022 in appropriate, safe and secure homes, with $30 million direct rental subsidy to tenants by 2022.

Directors' Report for the Financial Year Ended 30 June 2019 – continued

Management is actively delivering on "Phase 2 – Transform" and "Phase 3 – Grow" of the Strategic Plan, through implementation of the following planned strategies to achieve the strategic goals:

- Delivering cost reduction and operational excellence,
- Securing ACT Government financial and other support,
- Delivering systems transformation to support growth,
- Growing portfolio of third-party owned homes under management,
- Pursuing targeted new developments and partnerships, and
- Making CHC a great place to work.

Through sound execution of cost reduction and effective cost control measures, and a focus on operational excellence, the Company has delivered a positive underlying net surplus and cash flow this year. Tenant satisfaction continues to remain high, and pleasing progress is being made to grow affordable rental supply, including through the launch of HomeGround Real Estate Canberra, Canberra's only licenced not-for-profit real estate agency.

HomeGround Real Estate Canberra is a new channel for the Company to grow a portfolio of third-party owned homes under management. The support of the ACT Government via the provision of an Innovation Fund Grant to the value of $230,000 is acknowledged, as well as adoption of changes to the Land Tax Act that provide for a land tax exemption to eligible landlords contributing to affordable rental supply growth.

Discussions remain underway with the ACT Government with respect to the Company's capital structure, which continues to impede delivery of the Company's strategic goals and targets in supporting more Canberran's on low-moderate incomes. The impending roll-off of the Commonwealth Government's National Rental Affordability Scheme (NRAS), coupled with increased principal repayment obligations to the ACT Government, will further accentuate this.

The Company maintains a robust governance and risk framework including a compliance program that helps provide assurance with respect to compliance with the requirements of a Charity and Public Benevolent Institution, and other legislation and regulations relevant to the Company's Business activities.

Principal Activities

The Company's principal activities undertaken during the financial year to achieve its objectives and strategies include:

1. Providing rental rebates to Rebated Rent and Affordable Rent tenants in existing stock;
2. Providing rental rebates to National Rental Affordability Scheme (NRAS) tenants in existing stock;
3. Increasing the supply of affordable housing properties available for sale through a targeted development program;
4. Continuing to refurbish and redevelop transferred stock to improve the standard of that stock;
5. Increasing the supply of affordable housing properties available for rent by launching in April 2019 new business line, HomeGround Real Estate Canberra, Canberra's only not-for-profit licenced real estate agency, with the assistance of the ACT Government via an Innovation Fund Grant of $230,000;
6. Increasing the supply of affordable housing properties available for rent by eligible applicants through the capital works program;
7. Delivery of 33 properties on land rent blocks at Moncrieff (completed in November 2018) and 10 properties on land rent blocks in Throsby (completed September 2018), and sale of all properties to eligible applicants under the ACT Government's Land Rent Scheme (LRS);
8. Delivery of two house and land dwellings at Moncrieff (completed in November 2018), with one retained by the Company for rent by eligible applicants;
9. Delivery of a new 4 bedroom group home in Bonner to be retained by the Company for rent by eligible applicants;
10. Commencing construction of two specialist disability homes in Macgregor (completed in August 2019) to be retained by the Company for rent by eligible applicants;
11. Commencing construction of eight specialist disability homes in Kambah to be retained by the Company for rent by eligible applicants;
12. Commencing construction of the first stage of the development to deliver 37 townhouses in the suburb of Downer (expected completion December 2019);
13. Finalising design and planning works for construction of 123 apartments in the suburb of Downer for the second stage of the development, and planning for the delivery of affordable retirement living options for the third stage of the development;
14. Finalising design and planning works for construction of 18 house and land dwellings, as well as 29 land dwellings in Throsby, with the latter for sale to eligible applicants under the ACT Government's LRS;

Directors' Report for the Financial Year Ended 30 June 2019 – continued

15. Administering the NRAS non-entity joint venture (NEJV) product, which provides for NRAS incentives to be allocated to properties not owned by the Company, thereby allowing these properties to be rented to qualifying tenants at 80% of market rent;

In the opinion of the Directors, there were no significant changes in the nature of the Company's activities during the year.

Performance measures

The Company's primary performance measure reflects its mission to provide affordable housing, for both sale and rent, to people on low to moderate incomes. During the 2018-19 financial year, a total of 487 tenancies were supported, of which 444 tenancies were supported directly by the Company and 43 tenancies were from properties under management through HomeGround Real Estate Canberra. A total direct rental subsidy of $3.0 million (2018: $3.1 million) were provided by the Company. The Company continues to provide both a Rebated Rent model (25% of household income plus Commonwealth Rental Assistance) and an Affordable Rent model (74.9% of market rent). In respect of the latter, the Company continued to support its affordable property portfolio by accessing the ACT Government's Land Rent Scheme and the Commonwealth Government's National Rental Affordability Scheme. Rebates were provided during 2018-19 as follows:

Tenancy model	**2018-19 $**	**2018-19 Tenantable areas**	**2017-18 $**	**2017-18 Tenantable areas**
Rebated Rental Rebate	1,145,638	95	1,089,830	88
Affordable Rental Rebate	1,844,256	349	1,995,288	361
Rebated or Affordable Rental - HomeGround	N/A	43	N/A	N/A
Total Rebate	**2,989,894**	**487**	**3,085,118**	**449**

Furthermore, the Company measures performance through the monitoring of targets across its operations, including in relation to the number of affordable dwellings for rent and for sale and renewal of existing housing stock. The Company is committed to long-term financial viability and the development of appropriate risk management and asset management processes. The Company is also committed to ensuring compliance with all legal and regulatory requirements stemming from the Company being a registered charity, a registered Community Housing Provider, a registered provider of Specialist Disability Accommodation provider and a licenced Real Estate Agent.

Dividends and Members' Guarantee

The Company's constitution precludes the distribution of surplus funds to its members. In accordance with the Company's constitution, each member is liable to contribute $100 in the event that the Company is wound up. The total amount members would contribute is $1,500 (2018: $1,500).

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of the report, any item, transaction or event of a material and unusual nature that in the opinion of the Directors is likely to substantially affect the operations of the Company, the results of those operations, or the Company's state of affairs in future financial years.

Future Developments

The Company will continue to carry on the principal activities noted above, while also working towards identifying future opportunities to increase the supply of affordable housing for rent and sale.

Indemnification and Insurance of Officers and Auditors

Since the end of the previous financial year, the Company has paid insurance premiums of $23,747 (2018: $23,099, previously disclosed as $16,349 as premiums for management liability insurance had been omitted) in respect of Directors' and officers' liability and legal expenses insurance contracts for current and former Directors and officers, including senior executives of the Company.

The insurance premiums relate to:

- costs and expenses that may be incurred by the relevant officers in defending proceedings whether civil or criminal brought against them in their capacity as officers of the Company and whatever the outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving willful breach of duty or improper use of information or position to gain a personal advantage.

Directors' Report for the Financial Year Ended 30 June 2019 – continued

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses insurance contracts; as such disclosure is prohibited under the terms of the contract, confidentiality clause 12.14.

Auditor's Independence Declaration

The Auditor's independence declaration in accordance with s. 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 10 and forms part of the Directors' report for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the Directors:

Cathi Moore

Colin Alexander
Chair

Cathi Moore
Director

Canberra 29 October 2019

Directors' declaration

In the opinion of the Directors of Community Housing Canberra Limited:

(a) the financial statements of the Company as set out on pages 10 to 37 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the financial position of the Company at 30 June 2019 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and
- complying with Australian Accounting Standards – Reduced Disclosure Requirements and subsection 60.15 (2) of the *Australian and Not-for-profits Commission Regulations 2013*; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors:

Cathi Moore.

Colin Alexander
Chair

Cathi Moore
Director

Canberra 29 October 2019

ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

Auditor's Independence Declaration under Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*

To the Directors of Community Housing Canberra Limited

In relation to the audit of the financial statements of Community Housing Canberra Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* or any applicable code of professional conduct.

Yours sincerely

Michael Harris
Auditor-General
29 October 2019

Level 4, 11 Moore Street Canberra City ACT 2601 PO Box 275 Civic Square ACT 2608
T 02 6207 0833 **F** 02 6207 0826 **E** actauditorgeneral@act.gov.au **W** www.audit.act.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Directors of Community Housing Canberra Limited

Opinion

I have audited the financial statements of Community Housing Canberra Limited (the Company) for the year ended 30 June 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes and directors' declaration.

In my opinion, the financial statements are in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) presenting fairly, in all material respects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Company for the financial statements

The Directors of the Company are responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Australian Charities and Not-for-profits Commission Act 2012, Australian Charities and Not-for-profits Commission Regulation 2013* and Australian Accounting Standards – Reduced Disclosure Requirements;
- determining the internal controls necessary for the preparation and fair presentation of the financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Company to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company;
- conclude on the appropriateness of the Company's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in this report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of this report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

M. L. Harris

Michael Harris
Auditor-General
1 November 2019

Statement of comprehensive income
For the year ended 30 June 2019

	Note	2019 $	2018 $
INCOME			
Rental revenue	5 (a)	8,511,938	8,336,551
Development sales revenue	5 (b)	11,325,701	-
Management fees	5 (c)	60,535	55,243
Net gain/(loss) loss on disposal, transfer or impairment of assets	6 (f)	195,039	(14,195)
Other income	5 (d)	122,838	304,991
TOTAL INCOME		**20,216,051**	**8,696,785**
EXPENSES			
Asset management expenses	6 (a)	(2,537,172)	(2,440,679)
Bad debts		(58,084)	(36,187)
Cost of developments sold	6 (b)	(10,532,051)	92,955
Development expenses	6 (c)	(24,603)	(6,734)
Administrative expenses	6 (d)	(635,937)	(844,137)
Depreciation and amortisation	6 (e)	(2,877,236)	(2,927,362)
Employee expenses	7	(1,814,524)	(2,185,118)
Selling expenses		(286,801)	(102,600)
TOTAL EXPENSES		**(18,766,408)**	**(8,464,057)**
Finance income	8 (a)	442,727	495,002
Finance expenses	8 (b)	(1,232,228)	(1,293,669)
NET FINANCE EXPENSE		**(789,501)**	**(798,666)**
NET SURPLUS/(DEFICIT) FOR THE PERIOD		**660,142**	**(565,938)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Increase/(decrease) in the asset revaluation surplus	21	11,728,396	(68,148)
Items that may be reclassified subsequently to profit or loss			
Net changes in fair value of available for sale financial assets	21	-	-
Other comprehensive income/(deficit) for the period		**11,728,396**	**(68,148)**
TOTAL COMPREHENSIVE INCOME/(DEFICIT) FOR THE PERIOD		**12,388,538**	**(634,086)**

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

Statement of financial position
As at 30 June 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	10	15,800,304	17,793,527
Trade and other receivables	11	407,451	605,306
Inventory	12	12,943,746	7,987,044
Other assets	13	2,592,729	511,107
TOTAL CURRENT ASSETS		**31,744,230**	**26,896,984**
NON-CURRENT ASSETS			
Capital works in progress	14	2,521,765	1,401,264
Inventory	12	9,150,835	13,964,239
Property, plant and equipment	9	166,231,306	157,631,989
Intangible assets	16	31,249	48,046
TOTAL NON-CURRENT ASSETS		**177,935,155**	**173,045,538**
TOTAL ASSETS		**209,679,385**	**199,942,521**
CURRENT LIABILITIES			
Trade and other payables	17	1,503,918	1,174,539
Employee benefits	18	168,161	129,403
ACT Government loan	4	2,500,000	2,500,000
Interest-bearing debt	4	418,843	354,069
Other provisions	19	32,412	210,154
Other liabilities	20	226,022	212,033
TOTAL CURRENT LIABILITIES		**4,849,356**	**4,580,198**
NON- CURRENT LIABILITIES			
ACT Government loan	4	60,612,000	63,112,000
Interest-bearing debt	4	6,897,134	7,317,964
TOTAL NON-CURRENT LIABILITIES		**67,509,134**	**70,429,964**
TOTAL LIABILITIES		**72,358,490**	**75,010,162**
NET ASSETS		**137,320,895**	**124,932,359**
EQUITY			
Asset revaluation surplus	21	80,199,741	69,025,098
Retained earnings		57,121,154	55,907,261
TOTAL EQUITY		**137,320,895**	**124,932,359**

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of changes in equity
For the year ended 30 June 2019

	Note	Retained Earnings $	Asset Revaluation Surplus $	Total Equity $
Opening balance at 1 July 2017		**55,929,631**	**69,636,814**	**125,566,445**
Net (deficit) for the period		(565,938)	-	(565,938)
Other comprehensive income				
Impairment loss of land and buildings	21		(231,155)	(231,155)
Revaluation of land and buildings	21	-	163,007	163,007
Total comprehensive (deficit) for the period		**(565,938)**	**(68,148)**	**(634,086)**
Transfer of revaluation increment for assets disposed	21	543,568	(543,568)	-
Closing balance at 30 June 2018		**55,907,261**	**69,025,098**	**124,932,359**

	Note	Retained Earnings $	Asset Revaluation Surplus $	Total Equity $
Opening balance at 1 July 2018		**55,907,261**	**69,025,098**	**124,932,359**
Net (deficit)/surplus for the period		660,140	-	660,140
Other comprehensive income				
Impairment loss of land and buildings	21		(280,000)	(280,000)
Revaluation of land and buildings	21	-	12,008,396	12,008,396
Total comprehensive income for the period		**660,140**	**11,728,396**	**12,388,536**
Transfer of revaluation increment for assets disposed of	21	553,753	(553,753)	-
Closing balance at 30 June 2019		**57,121,154**	**80,199,741**	**137,320,895**

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of cash flows
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Cash receipts from customers		6,667,016	10,539,660
Cash payments to suppliers and employees		(5,111,327)	(5,087,549)
Interest and dividends received		442,727	495,002
Interest paid		(1,671,871)	(1,594,654)
Proceeds from the sale of inventory and properties		23,141,335	-
Construction of inventory and new properties		(22,921,682)	(9,325,746)
Grant Funding		105,909	-
Goods and Services Tax collected from customers		1,153,738	30,925
Goods and Services Tax input tax credits paid to/received from the Australian Taxation Office		54,540	843,354
Goods and Services Tax paid to suppliers		(1,193,530)	(1,028,677)
Net cash provided/(used in) by operating activities		**666,855**	**(5,127,685)**
Cash flows from investing activities			
Payments for intangible assets		(564,886)	(294,177)
Payments for plant and equipment		(174,242)	(102,819)
Proceeds from the disposal of property, plant and equipment		935,106	825,300
Net cash from investing activities		**195,978**	**428,304**
Cash flows from financing activities			
Repayment of loans		(2,856,056)	(2,819,403)
Net cash (used in) financing activities		**(2,856,056)**	**(2,819,403)**
Net (decrease) in cash and cash equivalents		(1,993,223)	(7,518,784)
Cash and cash equivalents at the beginning of the year		17,793,527	25,312,311
Cash and cash equivalents at the end of the year	10	**15,800,304**	**17,793,527**

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the financial statements for the year ended 30 June 2019

Note		Page No.
1	Corporate information	19
2	Summary of accounting policies	19
3	Determination of fair values	24
4	Loans and borrowings	25
5	Income	26
6	Expenses	27
7	Employee expenses	28
8	Finance income and finance expenses	28
9	Property, plant and equipment	28
10	Cash and cash equivalents	30
11	Trade and other receivables	30
12	Inventory	30
13	Other assets	31
14	Capital works in progress	31
15	Investments in available-for-sale equity instruments	31
16	Intangible assets	32
17	Trade and other payables	32
18	Employee benefits	32
19	Other provisions	32
20	Other liabilities	33
21	Equity	33
22	Commitments and contingencies	34
23	Related parties and related party transactions	34
24	Additional company information	35

Notes to the financial statements – continued

1 Corporate information

The financial statements of Community Housing Canberra Ltd (the Company) for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 29 October 2019.

2 Summary of accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Interpretations) issued by the Australian Accounting Standards Board (AASB), and the *Australian Charities and Not-for-profits Commission Act 2012*. The Company is a not-for-profit entity for the purposes of preparing the financial statements.

Historical cost convention
The financial statements are prepared on the basis of historical costs except for the following:

- land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment losses; and
- available for sale financial assets (investments in equity instruments) are measured at fair value.

The methods used to measure the fair value of these assets are discussed in Note 3. The financial statements have been prepared on a going concern basis.

Functional and presentation currency
The financial statements are presented in Australian dollars.

(b) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recorded in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2 (l)(iii) - Depreciation and amortisation
- Note 3 - Determination of fair values
- Note 15 - Investments in available-for-sale equity instruments

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

(c) Changes in accounting policies

There were no changes to the Company's accounting policies during the year ended 30 June 2019.

(d) Revenue recognition

Revenue is recognised when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenue is recorded net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office (ATO).

Rental revenue comprises the revenue earned from the provision of community and affordable housing to entities outside the Company. Rental revenue is recorded when the fee in respect of services falls due, which is typically on a fortnightly basis, in advance of the provision of housing.

Development sales revenue*,* from the sale of land and building arising from development activities, is recognised on the date of settlement, net of any rebates or discounts.

Sale of property, plant and equipment proceeds are included as revenue when the significant risks and rewards of ownership have been transferred to the buyer, usually when settlement occurs. The gain or loss on disposal of property is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal and is recognised upon settlement of net proceeds.

Other income includes **insurance** claims, which are recognised when received or receivable, are in respect of a number of insurance events, which occurred during the year and also includes **imputation tax credits,** which is recorded when the right to the refund arises, being the year in which the dividends to which the imputation credits relate are received. As the Company is exempt from income tax (see Note 2(s)) any imputation credits received cannot be applied against current or future income tax liabilities and are therefore refundable to the Company from the Australian Taxation Office.

Notes to the financial statements - continued

2. Summary of accounting policies – continued

(d) Revenue recognition - continued

Grant revenue, included in **Other Income**, is recognised as follows:

- Government grants, including non-monetary grants at fair value shall be recognised where there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grants shall be recognised on the Income and Expenditure Statement on a systematic basis over the periods in which the Company recognises the related costs for which the grant is intended to compensate. Recognition on a receipt basis is only if no basis existed for allocating a grant to periods other than the one in which it was received. Expenses incurred in relation to the grant is recognised in the relevant expense item on the Income and Expenditure Statement.
- Government grants related to assets shall be presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

(e) Expenses

Expenses are accounted for on an accruals basis reflecting the terms upon which the goods or services are purchased.

(f) Finance income and finance expenses

Finance income comprises: interest income which is recorded in the statement of comprehensive income using the effective interest method; and dividend income, which is recorded in the statement of comprehensive income when the Company's right to receive payment is established.

Finance expenses comprise: interest expense on borrowings, which is recorded in the statement of comprehensive income using the effective interest method.

(g) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and cash at bank. Cash flows from operating activities are reported using the direct method which requires major classes of gross cash receipts and gross payments to be disclosed.

(h) Trade and other receivables

Trade receivables arise in the normal course of providing goods and services. Normal terms of settlement vary from seven to 60 days. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

An impairment loss from receivables was recognised in 21017-18 and prior years on an incurred loss basis, From 2018-19, expected credit loss expenses is recognised as the movement in the allowance for impairment.

It is measured as the lifetime expected credit losses at each reporting date. The Company has established a provision matrix based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtor and the economic environment.

(i) Inventory

Inventory relates to costs of developments in progress that will be sold on completion to external parties. These costs include land and construction costs and borrowing costs associated with the developments. The Company capitalises borrowing costs incurred on acquiring, constructing, or producing its inventory.

Inventory is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Works in progress costs for inventory projects are recognised when it is probable that the future economic benefits embodied within the project will flow to the Company. Inventory is classified as a current asset when it is expected to be sold within one year and is differentiated between work in progress (under construction) and available for sale.

(j) Assets held for sale

Assets held for sale are assets that are available for immediate sale in their present condition, and their sale is highly probable. These assets are measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recorded for any initial or subsequent write down of the asset to fair value less cost to sell. Assets held for sale are not depreciated.

Notes to the financial statements - continued

2. Summary of accounting policies - continued

(k) Capital works in progress

Capital works in progress are projects that have been designated for retention by the Company on completion. The cost of self-constructed assets includes the cost of materials, direct costs for consultants, where relevant, the costs of dismantling and removing items and restoring the site on which they are located, and statutory costs applicable in the asset being fit for use. The Company capitalises borrowing costs incurred on acquiring, constructing, or producing its capital works in progress.

Costs of capital works in progress are capitalised when it is probable that the future economic benefits embodied within the project will flow to the Company.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, including improvements, are initially measured at cost. After initial recognition plant and equipment is measured at historical cost less accumulated depreciation and accumulated impairment losses, while land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses.

Any property, plant and equipment donated to the Company or acquired for nominal cost is recorded at fair value at the date the Company obtains control of the assets.

Land purchased for development (which is not intended to be sold) is carried at cost under capital works in progress until completion of the capital works development.

Property, plant and equipment with a minimum value of $1,000 is capitalised.

(ii) Revaluation of land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets. Fair values are determined by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the reporting date. The Company has adopted a policy of external independent revaluation of its housing portfolio every two years.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the asset revaluation surplus, except where it reverses a revaluation decrement previously recognised in the statement of comprehensive income. When there is a reversal of a previous revaluation decrement through the statement of comprehensive income, the amount is credited to the statement of comprehensive income. When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised against the available asset revaluation surplus. Where no asset revaluation surplus exists, the decrease is recognised in the statement of comprehensive income.

(iii) Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the Company commencing from the time the asset is held ready for use. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	2019 Years	2018 Years
Buildings	20-43	20-43
Plant and Equipment		
-Computers	3	3
-Motor vehicles	5-6	5-6
-Office fit out	10	10
-Equipment	5	5
-Furniture and fittings	10	10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

A review of estimated useful lives was conducted as part of the valuation of all of the Company's land and buildings in 2016-17. The Company applied changes to the estimated useful lives for its buildings in 2016-17 in line with property valuations completed at 30 June 2017 by applying the useful life of individual properties instead of a standard 62.5 years useful life across the entire portfolio.

Property valuations were conducted for 2018-19 and a review of the estimated useful lives was undertaken and there were no significant changes to be made to the useful lives.

Notes to the financial statements - continued

2. Summary of accounting policies – continued

(l) Property, plant and equipment – continued

(iv) Amortisation

Amortisation is based on the cost of an intangible asset less its residual value. Amortisation is recorded in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation rates, methods and useful lives are reviewed at each reporting date and adjusted if appropriate. The useful life of intangible assets has been assessed for 2018-19 as 4 years (2017-18: 4 years).

(v) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal, when the item is no longer used in the operations of the Company or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised. Any part of the asset revaluation surplus attributable to the asset disposed of or derecognised is transferred to retained earnings at the date of disposal.

(m) Financial assets and liabilities

(i) Investments in available-for-sale equity instruments

Investments in available-for-sale equity instruments are those financial assets that are designated as available-for-sale and are measured at fair value. Gains or losses on these investments are included in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to statement of comprehensive income.

For investments with no active market, valuation techniques are used to assess fair value, which include consideration of future cash flows and market conditions and other factors that are likely to affect the instrument's fair value, including interest rates, credit risk and volatility. The Company has one such investment, being the 5% shareholding in Crace Developments Pty Ltd (see also Note 3 (b)). However, it was fully impaired in 2016-17. The asset remains on the balance sheet at Nil value as Crace Development Pty Ltd is in the process of being wound up.

(ii) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. Trade payables are unsecured, non-interest bearing and are normally settled in accordance with the terms of the purchase. Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Employee benefits

Employee benefits comprise wages and salaries, annual and long service leave, and contributions to superannuation.

(i) Short term benefits

Liabilities for employee entitlements to wages, salaries, superannuation and annual leave that are expected to be settled wholly within 12 months of the reporting date are measured at undiscounted amounts based on remuneration rates the

Company expects to pay when the obligation is settled.

(ii) Long term benefits

The Company's obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to estimate its present value.

Provisions for employee benefits payable after 12 months from the reporting date are estimated based on future wage and salary levels, experience of employee departures, and periods of service, as disclosed in Note 18.

Long service leave: the long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of seven years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave.

Long service leave benefits are recognised as either current or non-current liabilities based on whether they are payable within or after 12 months from the reporting date.

(iii) Superannuation

Employees are subject to the Superannuation Choice arrangements. The Company's default fund is AustralianSuper. Employees who choose to join AustralianSuper or other eligible funds have a superannuation guarantee contribution paid into their nominated funds. Contributions are recognised as an expense in the statement of comprehensive income when they are due.

Notes to the financial statements - continued

2. Summary of accounting policies - continued

(o) Provisions

A provision is recognised if, as a result of a past event, the Company has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions are recognised in relation to construction projects where the Company is contractually allowed to withhold part of the payment of construction costs, up to a pre-agreed amount, as recourse in the event of unsatisfactory completion of works. Upon satisfactory completion of works, payment is made and the provisions are reversed.

(p) Loans and borrowings

Loans and borrowings represent financial liabilities incurred by the Company, which are initially recognised at fair value and subsequently measured at amortised cost.

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recorded as an expense in the statement of comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in the impairment loss is recorded in the statement of comprehensive income.

In assessing impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

(ii) Non-financial assets

The Company, at each reporting date, assesses whether there is an indication that its non-financial assets (property, plant and equipment, intangible assets and capital works in progress) are impaired, with recoverable amounts being estimates when events or changes in circumstances indicate that the carrying value may be impaired. An impairment loss is recognised in the statement of comprehensive income if the carrying amount of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. If the asset is recorded at fair value, in which case it is recorded as other comprehensive income and treated as a revaluation decrease

An asset's 'value in use' is its depreciated replacement cost, where the asset would be replaced, if the Company was deprived of it. The recoverable amount is the greater of the fair value less costs to sell and value in use.

For plant and equipment, intangible assets and capital works in progress, an impairment loss is recorded in the statement of comprehensive income. However, as land and buildings are measured at fair value, impairment loses are recorded directly in the asset revaluation surplus. Where the impairment loss exceeds the balance of the asset revaluation surplus for that class of assets, the difference is recognised as an expense in the Statement of Comprehensive Income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. At 30 June 2019, there were three properties assessed as impaired.

Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting date.

(q) Taxation

Income Tax
Under the provisions of Section 50-5, income 1.1 of the *Income Tax Assessment Act 1997* as amended, the Company is exempt from income tax and currently no tax provision has been provided for in the financial statements. This income tax exemption is reviewable by the Australian Taxation Office (ATO) from time to time and was endorsed in March 2007. The Company holds deductible gift recipient status.

Goods and services tax (GST)
Revenue, expenses and assets are recorded net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Notes to the financial statements - continued

2. Summary of accounting policies – continued

(q) Taxation – continued

Receivables and payables are recorded inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included as part of receivables or payables.

The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below and reflect the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Non-financial assets - property, plant and equipment

The fair value of property (land and buildings) is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets.

In accordance with Company policy, a revaluation of the entire class of land and buildings occurs every two years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Valuations are conducted by an external independent qualified valuer. The last valuation was conducted effective 30 June 2019.

The following table discloses non-financial assets measured at fair value:

Fair value measurement of non-financial assets

Property, plant and equipment	2019 $	2018 $
Net fair value of land and buildings	**165,450,000**	**156,829,618**

(b) Financial assets - investments in available-for-sale equity instruments

Available-for-sale financial assets are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost and classified as available-for-sale financial assets. Fair values for financial assets not quoted in an active market are determined using the income approach valuation technique, including discounting future cash flow and other methods that are consistent with accepted economic methodologies for pricing financial assets.

The Company has one such investment, being its Crace Developments Pty Ltd shareholding. This investment does not have a quoted market price in an active market. As such the Company has based its assessment of fair value on: general economic conditions, including interest rates; risk and volatility associated with the investment, in particular the performance of construction and development activities and demand for residential occupancies in the ACT; and whether there is any significant evidence since the last reporting date that would materially affect the fair value of the shareholding. Based on a review of the factors outlined above, including future cash inflows associated with the investment and the financial position of Crace Developments Pty Ltd, the Company has assessed the fair value as nil as it is currently winding up. See also Note 15.

The following table discloses financial assets measured at fair value on a recurring basis at 30 June 2019:

Fair value measurement of financial assets

Assets	2019 $	2018 $
Net fair value of investments in available-for-sale equity instruments	**-**	**-**

Notes to the financial statements – continued

4 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings which are measured at amortised cost.

Loans	2019 $	2018 $
Current		
- ACT Government loan	2,500,000	2,500,000
- Beyond Bank (formerly Community CPS) loan	418,843	354,069
Total current loans	**2,918,843**	**2,854,069**

Loans	2019 $	2018 $
Non-current		
- ACT Government loan	60,612,000	63,112,000
- Beyond Bank (formerly Community CPS) loan	6,897,134	7,317,964
Total non-current	**67,509,134**	**70,429,964**
Total loans	**70,427,977**	**73,284,033**

The ACT Government loan consists of a $50 million loan facility and a $20 million loan facility both made available at the 90-day bank bill swap rate on the first day of each quarter. The facilities are subject to quarterly interest only repayments for ten years. The Company began principal repayments in 2018-18 on the $50 million loan facility. Total interest incurred for the financial year was $1,293,811 (2018: $1,223,077). Of this amount, $419,172 (2018: $300,985), being approximately 32.4% (2018: 24.6%) of the interest incurred, has been capitalised to inventory and capital works in progress.

The Beyond Bank (formerly Community CPS) loans represent 69 principal and interest mortgages relating to Land Rent Scheme properties, which are repayable over 25 year terms. Interest costs for the year were $357,589 (2018: $371,576).

(a) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

		2019 $	2018 $
Total facilities:			
- ACT Government facility (4.02.08)		*50,000,000*	*50,000,000*
- ACT Government facility (28.06.11)		*20,000,000*	*20,000,000*
- ACT Government facility total		70,000,000	70,000,000
- Beyond Bank (formerly Community CPS)		12,635,943	12,635,943
Total facilities		**82,635,943**	**82,635,943**
Facilities used at reporting date:			
- ACT Government loans (4.02.08)		*45,000,000*	*47,500,000*
- ACT Government loans (28.06.11)		*18,112,000*	*18,112,000*
- ACT Government loans total		63,112,000	65,612,000
- Beyond Bank (formerly Community CPS)		7,315,977	7,672,033
Total facilities used		**70,427,977**	**73,284,033**
Facilities unused at reporting date:			
- ACT Government facility (28.06.11)		*6,888,000*	*4,388,000*
- ACT Government facility total		6,888,000	4,388,000
- Beyond Bank (formerly Community CPS)		5,319,966	4,963,910
Total facilities unused	i	**12,207,966**	**9,351,910**

i. Facilities unused are not available for redraw.

ACT Government Loans – 4 February 2008 and 28 June 2011

The terms and conditions of the ACT Government loans are set out in the Loan Agreements dated 4 February 2008 and 28 June 2011 respectively, between the parties, Australian Capital Territory and Community Housing Canberra Limited. The loan facilities are to be used only for one or more of the permitted purposes as specified in the loan agreements and are secured by mortgages to the ACT Government over $75 million worth of property assets.

Beyond Bank (formerly Community CPS)

69 of the Company's Land Rent Scheme properties are partially funded via commercial facilities with Beyond Bank (formerly Community CPS) and are held as security for the loan facilities. These are principal and interest mortgages, repayable over a 25-year term.

Notes to the financial statements – continued

4. Loans and Borrowings – continued

(b) Banker's undertakings

The Company has obtained the following banker's undertakings in the form of bankers' guarantees with Westpac Banking Corporation, which remain outstanding at 30 June 2019:

1 1 February 2018, $53,400 to EPSDD - for Symphony Park Stage 3 development.

The banker's undertaking is currently secured on the Company's interest bearing 60 day account.

Items held as security

Westpac Banking Corporation continues to hold 20 properties as security located at City Edge and Village Vue. This arrangement is currently being re-negotiated. The security is held to provide the Company with a quick line of credit when needed. As at 30 June 2019, there is no facility in place.

5 Income

		2019 $	2018 $
(a) Rental revenue			
Public rebated rental income	i	925,413	839,524
Affordable housing rental income	ii	1,451,797	1,366,768
NRAS housing rental income *	iii	3,304,323	3,250,753
NRAS land rent housing rental income *	iv	2,789,786	2,804,616
Other rental income	v	40,619	74,890
Total Rental Revenue		**8,511,938**	**8,336,551**
(b) Development sales revenue			
Sales proceeds – Throsby 10	vi	2,766,534	-
Sales proceeds – Moncrieff	vi	8,554,745	-
Other development income	vii	4,422	-
Total Development Sales Revenue		**11,325,701**	**-**
(c) Management fees			
NRAS non-entity joint venture management fees	viii	30,941	32,963
Property Management – Fee for Service	ix	4,813	835
Strata Management	x	24,781	21,445
Total Management Fee Revenue		**60,535**	**55,243**
(d) Other income			
Refund of imputation credits from the Australian Taxation Office	xi	-	6,429
Membership		290	290
Recovery of costs from tenant related damage		5,161	2,430
Grant funding:			
- Environment Planning & Sustainable Development Directorate - ACT Affordable Housing Innovation Fund	xii	100,000	-
- Environment Planning & Sustainable Development Directorate - ACT Heritage grant	xiii	5,000	-
- Southern Cross Club Community Grant – School Holiday Gym Program for tenants' kids		909	-
Other income	xiv	11,478	295,842
Total Other Income		**122,838**	**304,991**

** National Rental Affordability Scheme (NRAS)*

Income notes

i Public rebated rental income is based on tenancy agreements that assess 25% of household income plus Commonwealth Rental Assistance.

ii Affordable housing rental income is based on tenancy agreements that charge 74.9% of market rent. Market rent on the Company's housing portfolio is assessed annually by an independent certified valuer.

iii NRAS housing rental income is based on tenancy agreements that charge 74.9% of market rent and for which an annual subsidy is provided by the Department of Social Services (DSS). Market rent on the Company's housing portfolio is assessed annually by an independent certified valuer. The subsidy is indexed annually by the rental component of the CPI.

iv NRAS land rent housing rental income denotes revenue derived by using the Land Rent Scheme. The Scheme is an ACT Government initiative to increase access to affordable home ownership and was a recommendation of the Government's Affordable Housing Action Plan. The Company receives NRAS incentives for these properties and as such, discloses rental income separately.

v Other rental income relates to the rental of the Company's commercial property and Gungaderra Homestead.

Notes to the financial statements – continued

5. Income – continued

vi Sales proceeds reflects sales of the Throsby 10 and Moncrieff projects completed in 2018-19.

vii Other development income largely relates to interest earned on sale deposits held in 2016-2018.

viii NRAS non-entity joint venture (NEJV) management fees relate to fees charged by the Company to administer NRAS NEJV incentives allocated to properties not owned by the Company.

ix Property Management – Fee for Service relates to third party tenancy management agreements where the Company derives tenancy management fees on rent collected. This commenced in 2017-18 and was transferred to HomeGround Real Estate Canberra in 2018-19.

x. In 2017-18, the Company also commenced deriving strata management fees on the management of unit plans.

xi. The Company received a refund of imputation credits in 2017-18 from the Australian Taxation Office (ATO) in relation to the Crace Developments Pty 6Ltd dividend (see notes 2(d) and 8(a)).

xii The Environment Planning & Sustainable Development Directorate - ACT Affordable Housing Innovation Fund of $230,000 is only partially recognized in 2018-19 based on the achievement of the first 2 milestones as defined in the Deed of Grant. The final 2 instalments totaling $130,000 will be received in 2019-20 on the achievement of the final 2 milestones as defined in the Deed of Grant.

xiii The Environment Planning & Sustainable Development Directorate - ACT Heritage grant relates to a grant provided to the Company to undertake conservation works for the Gungaderra Homestead.

xiv Other income includes unclaimed tenant monies from prior years and insurance claims resulting from the loss of rent in 2018-19 and the flood damage to the office and fire damage to one of the Company's property in the 2017-18 financial year.

6 Expenses

		2019 $	2018 $
(a) Asset management expenses			
Asset management expenses	i	2,529,179	2,440,679
Asset management expenses compensated by ACT Heritage Grant		5,340	-
Asset management expenses compensated by Southern Cross Community Grant		2.653	-
Total Asset Management Expenses		**2,537,172**	**2,440,679**
(b) Cost of developments sold			
Symphony Park stage 3	ii	-	(83,066)
Lawson 6	ii	-	(9,889)
Throsby	iii	2,520,684	-
Moncrieff	iii	8,011,367	-
Total Cost of Developments Sold		**10,532,051**	**(92,955)**
(c) Development expenses			
Other general development expenses		24,603	6,734
Total Development Expenses		**24,603**	**6,734**
(d) Administrative expenses			
Directors fees		53,310	63,055
Information technology		80,799	71,094
Professional memberships and subscriptions		36,008	36,476
Motor vehicle expenses		34,267	37,294
Professional services	iv	89,141	153,563
Advertising, marketing and media	v	59,053	166,105
Other employee related costs	vi	46,959	103,235
Other administrative expenses	vii	135,076	213,315
Administrative expenses compensated by ACT Affordable Housing Innovation Grant		101,323	-
Total Administrative Expenses		**635,937**	**844,137**
(e) Depreciation and amortisation			
Depreciation	9	2,860,439	2,901,136
Amortisation	16	16,797	26,226
Total Depreciation and Amortisation		**2,877,236**	**2,927,362**
(f) Net Loss/(gain) on disposal, transfer or impairment of assets			
Gain on disposal of assets	viii	(195,039)	(131,859)
Loss on impairment of assets	ix	0	146,054
Total Net Loss/(Gain) on Disposal, Transfer or Impairment of Assets		**(195,039)**	**14,195**

Notes to the financial statements – continued

6. Expenses – continued

Expenses notes

i Relates to property expenses and repairs and maintenance work undertaken on affordable and rebated rental properties throughout the year.

ii. Relates to reversal of excess costs taken up for the Symphony Park Stage 3 project, which was completed in 2015-16 and additional defect costs incurred for Lawson 6 development which was completed in 2015-16 claimed against retention monies withheld.

iii. Relates to development and construction costs for Throsby and Moncrieff projects.

iv. Relates to professional legal, consulting and accounting fees incurred over the year in relation to employee matters, development projects, financial reporting and operational processes. Also includes ACT Audit Office audit fees.

v. Reflects the costs associated with marketing and advertising costs for corporate, tenancy and community engagement.

vi. Relates to costs incurred for external recruitment agency services, staff training, travel allowances and uniforms.

vii. Other administrative expenses includes costs for office management, printing and stationery, entertainment and insurance premiums, less expenses compensated by the ACT Affordable Housing Innovation Grant.

viii. Relates mainly to a gain on disposal of the 11 Scott Street property in 2017-18 and the 14 Throsby Crescent property in 2018-19.

ix. Loss on disposal/impairment of IT system upgrade costs in 201718 comprises $121,658 from Capital Work in Progress and $24,396 from Intangible Assets.

7 Employee expenses

		2019 $	2018 $
Salaries and wages	i	1,580,584	1,921,858
Superannuation contributions		144,876	200,192
Provision for annual and long service leave		36,920	23,031
Other employee expenses		36,090	40,036
Salaries and wages and superannuation contributions compensated by ACT Affordable Housing Innovation Grant		16,054	-
Total Employee Expenses		**1,814,524**	**2,185,118**

i As at 30 June 2019, the Company has 23 staff (2018: 26).

8 Finance income and finance expenses

(a) Finance income

		2019 $	2018 $
Interest earned on cash and cash equivalents		442,727	480,002
Dividends received	i	-	15,000
Total Finance Income		**442,727**	**495,002**

(b) Finance expenses

	2019 $	2018 $
Interest expense on ACT Government loans	864,639	922,092
Interest expense on Beyond Bank loans	357,589	371,577
Total Finance Expenses	**1,232,228**	**1,293,669**

i The Company has a shareholding in Crace Developments Pty Ltd (see Note 15), which declared one dividend during the 2017-18 financial year. The dividends were fully franked and the imputation credits are refundable to the Company (see Note 5(d)).

9 Property, plant and equipment

(a) Adjustment to fair value

In accordance with Company policy, independent accredited valuers, are engaged to determine the fair value of the Company's land and buildings every two years. Fair value is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets. The effective date of the current revaluation is 30 June 2019 and was performed by Jones Lang LaSalle (JLL). The fair value of all Company owned property following the revaluations is disclosed below as part of this note.

Notes to the financial statements – continued

6. Expenses – continued

(b) Property, plant and equipment carrying amount

Carrying amount	TOTAL $
2018	
Cost or fair value	161,049,522
Less: Accumulated depreciation	(3,417,532)
Carrying amount at 30 June 2018	**157,631,989**
2019	
Cost or fair value	167,149,739
Less: Accumulated depreciation	(918,433)
Carrying amount at 30 June 2019	**166,231,306**

The carrying amount of the land and building asset, which consists of four types of housing stock, and plant and equipment are as follows:

	2019 $	2018 $
Transferred land and buildings	29,780,000	29,567,000
Accumulated Depreciation	-	(381,656)
Carrying value –Transferred land and buildings	***29,780,000***	***29,185,344***
Non-transferred land and buildings	56,300,000	53,692,000
Accumulated Depreciation	-	(757,326)
Carrying value – Non transferred land and buildings	***56,300,000***	***52,934,674***
NRAS land and buildings	52,835,000	50,005,000
Accumulated Depreciation	-	(794,323)
Carrying value – NRAS land and buildings	***52,835,000***	***49,210,677***
Land Rent buildings	26,535,000	26,235,000
Accumulated Depreciation	-	(736,077)
Carrying value – Land Rent land and buildings	***26,535,000***	***25,498,923***
Total land and buildings	**165,450,000**	**156,829,618**
Plant and equipment	1,699,739	1,550,522
Accumulated Depreciation	(918,433)	(748,151)
Carrying value – Plant and Equipment	**781,306**	**802,371**
Total Property, Plant and Equipment	**166,231,306**	**157,631,989**

(c) Property, plant and equipment reconciliation to carrying amount

Reconciliation to carrying amount	*Land and Buildings at fair value*	*Plant and Equipment at cost*	*Total Property Plant and Equipment*
2019			
Carrying amount at 1 July 2018	**156,829,618**	**802,371**	**157,631,989**
Additions - Asset purchases i	-	149,217	149,217
Additions – Transfers from capital works in progress	322,211	-	322,211
Impairment of land and buildings	(280,000)	-	(280,000)
Disposal of assets	(750,000)	-	(750,000)
Revaluation increment	12,008,396	-	12,008,396
Write back of accumulated depreciation on disposals	9,933		9,932
Depreciation for the year	(2,690,158)	(170,282)	(2,860,440)
Balance at 30 June 2019	**165,450,000**	**781,306**	**166,231,306**

i. Included in Additions – Asset Purchases, is $9,344, which relates to the net carrying cost of a new playground built at the Gungaderra Homestead for which a grant of $9,901 was received from the Department of Infrastructure, Regional Development and Cities, under the Stronger Communities Program. The grant has been offset against the total cost of the playground.

Notes to the financial statements – continued

10 Cash and cash equivalents

	2019 $	2018 $
Petty cash	500	500
Cash at bank	15,799,804	17,793,027
Total Cash and cash equivalents	**15,800,304**	**17,793,527**

11 Trade and other receivables

(a) Current

		2019 $	2018 $
Trade debtors	i	180,150	180,175
Less: Allowance for impairment losses		(30,000)	(30,000)
		150,150	150,175
Imputation credits refundable from the Australian Taxation Office		-	6,429
GST receivable		160,958	175,706
Insurance Claim receivable		-	269,891
Other debtors	ii	96,343	3,104
Total trade and other receivables		**407,451**	**605,306**

i Trade debtors is comprised of rent and non-rent charges from tenants of $180,150 (2017-18: $180,175) of which $90,892 (2017-18: $42,342) is considered overdue (30 days +).

ii. Other debtors relates to the May 2019 GST Input Tax refund ($93,977) and the balance of the ACT Heritage Grant receivable ($2,500).

(b) Reconciliation of the carrying amounts for the allowance of impairment

	2019 $	2018 $
Carrying amount at the beginning of year	**(30,000)**	**(23,773)**
Reduction in allowance arising from write-off of unrecoverable debt	57,954	29,960
Additional allowance recognised	(57,954)	(36,187)
Carrying amount at the end of the year	**(30,000)**	**(30,000)**

12 Inventory

Current		2019 $	2018 $
Available for Sale			
Developments – construction costs	i	606,530	-
Developments – land	i	379,000	-
Under construction			
Developments – construction costs	ii	6,857,018	7,588,844
Developments – land	ii	5,101,198	398,200
Total current inventory under construction		**12,943,746**	**7,987,044**
Non-current			
Under construction			
Developments – construction costs	iii	2,931,233	2,643,439
Developments – land	iii	6,219,602	11,320,800
Total non-current inventory under construction		**9,150,835**	**13,964,239**

i Available for sale refers to 2 house and land packages in Moncrieff which remained unsold as at 30 June 2019.
ii Current developments under construction relate to the Downer Stage 1 & 3 projects.
iii Non-current developments under construction relates to the Downer Stage 2, and remaining Throsby projects.

Notes to the financial statements – continued

13 Other assets

Current		2019 $	2018 $
Accrued income	i	2,409,015	345,248
Prepayments		183,714	165,859
Total current other assets		**2,592,729**	**511,107**

i 2018-19 Includes $2,409,015 relating to NRAS incentives which are acquitted annually to the Department of Social Services on a May to April basis. 2017-18 was acquitted prior to 30 June 2018.

14 Capital works in progress

(a) Capital works in progress

		2019 $	2018 $
IT System Upgrade	i	696,303	131,417
Developments – land and construction costs	ii	1,825,462	1,269,847
Total Non-current Capital works in progress		**2,521,765**	**1,401,264**

i The Company is currently undergoing an IT system upgrade, which commenced in 2016-17. Related project costs are capitalised.
ii. As at 30 June 2019, the Company had commenced developments on multi-purpose residences in Kambah Stage 2 and the redevelopment of an existing property in Macgregor for retention as part of the affordable rental portfolio. Both projects are expected to be completed during the 2019-20 financial year.

(b) Reconciliation of capital works in progress carrying amounts

2018	Developments $	IT System Upgrade $	Total Capital Work in Progress $
Carrying amount at 1 July 2017	**2,209,960**	**33,126**	**2,243,086**
Additions	1,061,879	269,781	1,331,660
Impairment of IT System Upgrade	-	(121,658)	(121,658)
Transfers to property, plant and equipment and intangible assets	(2,001,992)	(49,832)	(2,051,824)
Carrying amount at 30 June 2018	**1,269,847**	**131,417**	**1,401,264**

2019	Developments $	IT System Upgrade $	Total Capital Work in Progress $
Carrying amount at 1 July 2018	**1,269,847**	**131,417**	**1,401,264**
Additions	877,826	564,886	1,442,712
Transfers to property, plant and equipment and intangible assets	(322,211)	-	(322,211)
Carrying amount at 30 June 2019	**1,825,462**	**696,303**	**2,521,765**

15 Investments in available-for-sale equity instruments

	2019 $	2018 $
Shares – Crace Developments Pty Ltd at fair value	-	-
	-	**-**

Valuation of available-for-sale equity instruments

The investment is in Crace Developments Pty Ltd (Crace), a special purpose vehicle set up to manage the Crace Urban development. The Company used the audited financial statements of Crace at 30 June 2016 (30 June 2018 was not audited) as well as other factors likely to affect the value of the investment to determine whether any significant movements in the fair value of the investment had occurred. Based on a review of factors, including future cash inflows associated with the investment, the fair value was assessed as nil at 30 June 2018 being fully impaired as Crace is currently winding down. (see also Note 3 (b)).

Notes to the financial statements – continued

16 Intangible assets

(a) Intangible assets

		2019 $	2018 $
At cost		321,268	321,268
Less: Accumulated amortisation		(290,019)	(123,717)
Less: Accumulated impairment		-	(149,506)
Carrying amount at the end of the year	i	**31,249**	**48,046**

(b) Reconciliation of the carrying amounts for each intangible asset are set out below:

		2019 $	2018 $
Carrying amount at the beginning of year		**48,046**	**48,836**
Additions		-	49,832
Amortisation	6	(16,797)	(26,226)
Impairment		-	(24,396)
Carrying amount at the end of the year		**31,249**	**48,046**

i Intangible assets reflects the implementation and software costs of a new IT system and includes MYOB EXO payroll software.

17 Trade and other payables

		2019 $	2018 $
Trade creditors		203,479	668,198
Accrued expenses	i	1,266,769	477,448
Pay as you go withholding (PAYG) payable to the Australian Taxation Office		33,670	28,892
Total Trade and other payables		**1,503,918**	**1,174,539**

18 Employee benefits

Current		2019 $	2018 $
Annual leave		138,630	111,475
Long service leave		29,531	19,766
Employee superannuation and salary packaging liability		-	(1,838)
Total current employee benefits		**168,161**	**129,403**
Non-current			
Long service leave	i	-	-
Total non-current employee benefits		**-**	**-**

i No provision is made for employees with less than minimum period of qualifying service per Note 2(n)(iii) and the probability that these employees will reach the minimum period is considered to be nil (2018: Nil).

19 Other provisions

(a) Other Provisions

		2019 $	2018 $
Project Retention Provision	i	**32,411**	**210,154**

(b) Reconciliation of Provisions

	2019 $	2018 $
Balance at the beginning of the year	**210,153**	**47,441**
Additions made during the year	26,573	183,304
Reductions due to payments made during the year	(204,314)	(20,591)
Balance at the end of the year	**32,412**	**210,154**

i Provisions made and used during the year relate to funds retained by the company against individual construction invoices, calculated as a percentage of total contract price on construction projects, which are held as recourse in the event of unsatisfactory completion of works. These funds are paid to the construction contractor upon reaching specified milestones following completion of the project, (see Note 2(o)).

Notes to the financial statements – continued

20 Other liabilities

Revenue received in advance	2019 $	2018 $
Income received in advance	223,918	211,982
Other	2,104	51
Total other liabilities	**226,022**	**212,033**

21 Equity

Asset revaluation surplus	2019 $	2018 $
Balance at the beginning of the year	**69,025,098**	**69,636,814**
Disposals		
- Land and buildings	(553,753)	(543,568)
Total Disposals	(553,753)	(543,568)
Impairment Losses		
- Land and buildings	(280,000)	(231,155)
Total Impairment Losses	(280,000)	(231,155)
Revaluation increments on valuation adjustments of		
- Transferred land and buildings	3,335,821	-
- Non-transferred land and buildings	3,019,897	163,007
- NRAS land and buildings	4,296,582	-
- Land Rent buildings	1,356,096	-
Total revaluation increments on valuation adjustments	12,008,396	163,007
Balance at the end of the year	**80,199,741**	**69,025,098**

The asset revaluation surplus is used to record the increments and decrements in the value of each class of property, plant and equipment.

Available-for-sale financial asset surplus	2019 $	2018 $
Balance at the beginning of the year	**-**	**-**
- Available for sale financial assets revaluations decrement	-	-
Balance at the end of the year	**-**	**-**

The available-for-sale financial asset surplus is used to record the increments and decrements in the value of investment.

Notes to the financial statements – continued

22 Commitments and contingencies

(a) Capital expenditure commitments

At the reporting date, the Company has capital expenditure commitments totalling $42,690,024 (2018: $4,118,577). These commitments relate to:

Project	Cost Type	2019 $	2018 $
Downer – Stage 1	Construction	6,101,103	-
Downer – Stage 2	Construction	33,330,313	-
Downer	Design & Consultancy	1,192,405	409,706
Kambah	Construction	2,007,093	-
Kambah	Design & Consultancy	-	12,500
Moncrieff	Construction	-	3,000,149
Moncrieff	Design & Consultancy	-	161,533
Throsby	Construction	-	457,729
Throsby	Design & Consultancy	-	76,960
Macgregor	Construction	59,110	-
Total Capital Expenditure Commitments		**42,690,024**	**4,118,577**

As at the report date, no construction contract has been entered into for any other project.

23 Related parties and related party transactions

(a) Key management personnel

The following were key management personnel of the Company during the reporting period and unless otherwise stated were key management personnel for the entire period:

Non-executive Directors	Executives
Mr. Colin Alexander (Chair)	Mr. Andrew Hannan (Chief Executive Officer)
Mr. Paul Green (Deputy Chair)	Ms. Megan Ward (General Manager, Operations)
Ms. Cathi Moore	Mr. Brent Iggo (Company Secretary) (Appointed 01 Sept 2018)
Ms. Rebecca Vassarotti	Mr. Stephen Seesink (Company Secretary) (Resigned 31 August 2018)
Ms. Clare Wall	
Mr. Alan Paul Carmody	
Ms. Jill Divorty	
Mr. James Douglas (Appointed January 2019)	

(b) Transactions with key management personnel

Directors of the Company received or accrued the following remuneration in conjunction with acting in their capacity as a Director of the Company:

Director	Director Related Entity	2019 $	2018 $
Mr. Colin Alexander	Crace Developments Pty Ltd	10,950	10,950
Mr. Paul Green	Professional Engagement Group Pty Ltd	5,000	5,000
Ms. Cathi Moore		5,000	5,000
Mr. Richard Bear (Resigned Dec 17)		-	2,500
Ms. Rebecca Vassarotti		5,000	5,000
Ms. Clare Wall		5,000	5,000
Mr. Alan Paul Carmody		5,000	5,000
Ms. Jill Divorty		5,000	4,234
Mr. James Douglas (Appointed Jan 18)	Real Mastery Consulting	2,083	-
Mr. Stephen Seesink (Resigned Aug 18)	Community Housing Industry Association	2,308	21,900
		45,341	**64,584**

In addition to salaries, the Company also provides salary sacrifice options to executives and contributes amounts to nominated superannuation funds.

Notes to the financial statements – continued

23. Related parties and related parties transactions – continued

Mr Brent Iggo does not receive separate remuneration in conjunction with acting in his capacity as the Company Secretary of the Company. His additional duties have been taken into consideration when arriving at his employee remuneration and is included in the key management personnel remuneration below.

(c) Key management personnel remuneration

	2019 $	2018 $
Short-term employment benefits	499,122	663,231
Post-employment benefits (superannuation)	47,416	61,316
Total key management personnel remuneration	**546,538**	**724,547**

(d) Other key management personnel transactions with the Company

Investment in Crace Developments Pty Ltd
The Company was presented on the Board of Directors of Crace Developments Pty Ltd by Mr Richard Bear, who resigned on 7 December 2018. Mr Colin Alexander was the Chief Executive Officer of CIC Australia Ltd, (ceased 31 December 2015), an investor in Crace Developments Pty Ltd. Mr Colin Alexander is Chief Executive Officer of Alexander Management Services Pty Ltd who hold a consultancy agreement with Peet Ltd involving Development Committees and Boards on various CIC Australia Pty Ltd projects. CIC Australia Pty Ltd is a wholly-owned subsidiary of Peet Ltd. To ensure there is no conflict of interest arising from this directorship, Mr Colin Alexander is excluded from the Company's decision making process in relation to the investment in Crace Developments Pty Ltd.

Professional Engagement Group Pty Ltd
Mr Paul Green is the Practice Director of Professional Engagement Group Pty Ltd. Legal services were provided to Community Housing Canberra Ltd during the year regarding several development projects totalling $23,130 (2018: $2,119).

Community Housing Industry Association (CHIA)
Mr Seesink is the ACT Regional Director of the Community Housing Industry Association (CHIA) for the 2017-18 financial year. He was replaced by the Company's CEO, Andrew Hannan subsequent to the report date. CHIA is the peak organisation for Community Housing Providers across Australia and lobbies state and federal governments with respect to affordable housing outcomes for those most vulnerable in Australian society.

The Company is a current member of CHIA, and contributes an annual fee of $3,022 (2018: $2,928).

Real Mastery Consulting
Mr James Douglas is the spouse of the director of Real Mastery Consulting who provides consultancy services to the Company in relation to its HomeGround Real Estate Canberra business and since his appointment during the year, Real Mastery Consulting has provided services totalling $5,112 (2018: $Nil). The director was not involved with the procurement process. Real Mastery Consulting was contracted to provide services prior to the appointment of the director.

24 Additional company information

Company limited by guarantee

The Company does not have share capital and in the event of winding up, the liability of members is limited to $100. If upon winding-up or dissolution of the Company there remains, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to nor distributed among the members of the Company, but shall be given or transferred to some other institution or Company having objects similar to the objects of the Company and whose Memorandum of Association or constitution shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Company. Such institution or institutions are to be determined by the members of the Company at or before the time of the dissolution and in default thereof by application to the Supreme Court for determination.

At 30 June 2019 the number of members was 15 (2018: 15).

Cover photo provided by CHC Tenant, Claire Granata
- a tree within City Edge in O'Connor.

Homes for
the community

(02) 6248 7716
PO Box 6239, O’Connor ACT 2602
Unit 224/29 Braybrooke St, Bruce ACT 2617
chc@chcaustralia.com.au
www.chcaustralia.com.au
@CHCAustralia
CHC - Homes for the community