



Photo entered into our photography competition during the year by Neil, depicting his children enjoying riding near their CHC home in Franklin.



Homes for  
the community

**ANNUAL REPORT**  
**2019/20**



A photograph of a row of modern, multi-story townhouses with light-colored facades and dark roofs. The houses are arranged in a line, receding into the distance. In the background, a large, dark, forested hill rises under a clear blue sky. On top of the hill, a tall, white television tower with a red and white striped spire is visible. The townhouses have balconies with metal railings. A green hedge runs along the front of the houses. A white utility box is visible in the foreground on the right. A blue banner with white text is overlaid on the bottom left of the image.

**SAFE AND SECURE  
HOMES IN STRONG  
COMMUNITIES**

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## WELCOME

### CHC'S 2019/20 ANNUAL REPORT

CHC acknowledges the Ngunnawal people as the traditional custodians of the lands on which we operate and we pay our respects to their Elders past and present.

The Annual Report for 2019/20 is a summary of CHC's operations, activities and financial position as at 30 June 2020.

# OUR IMPACT

>1400

CANBERRANS HOUSED TODAY

518

SOCIAL AND AFFORDABLE TENANCIES INCLUDING:

\$3.1m

RENTAL SUBSIDY FUNDED BY CHC THIS YEAR

66

VIA HOMEGROUND REAL ESTATE CANBERRA

18

SPECIALIST DISABILITY HOMES

\$147.3m

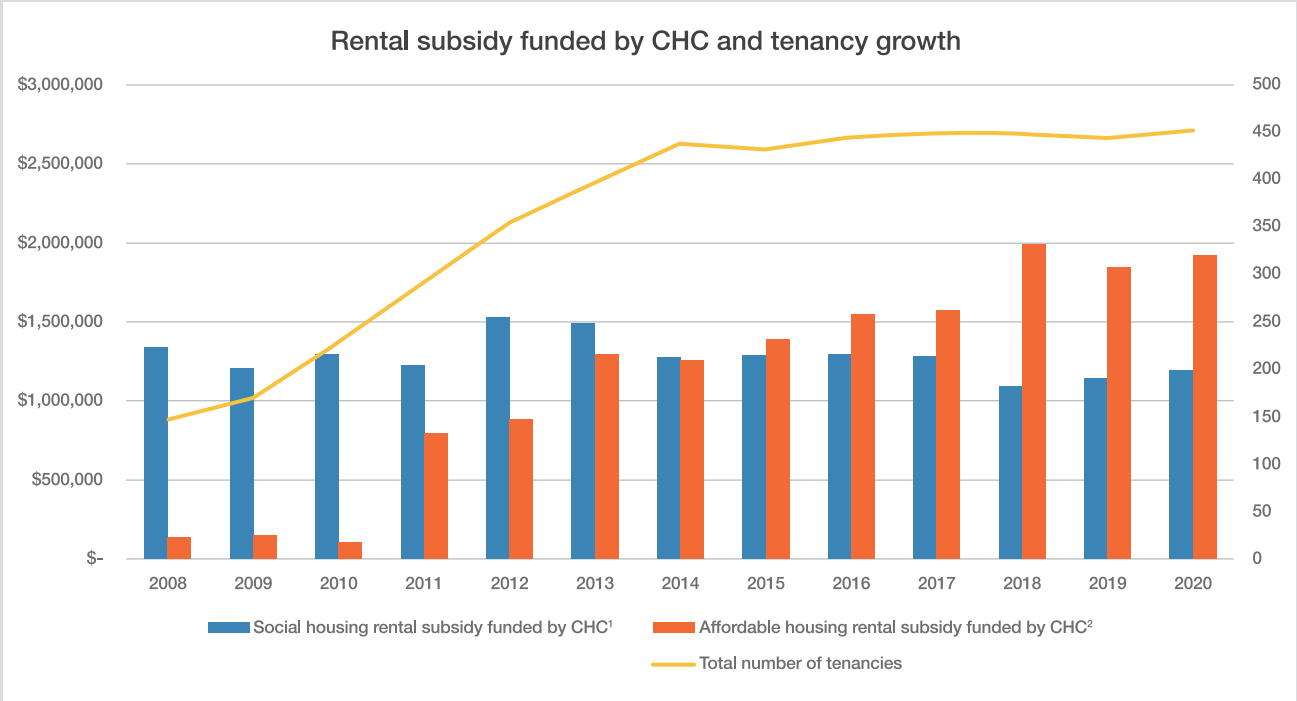
TOTAL EQUITY

\$3.8M

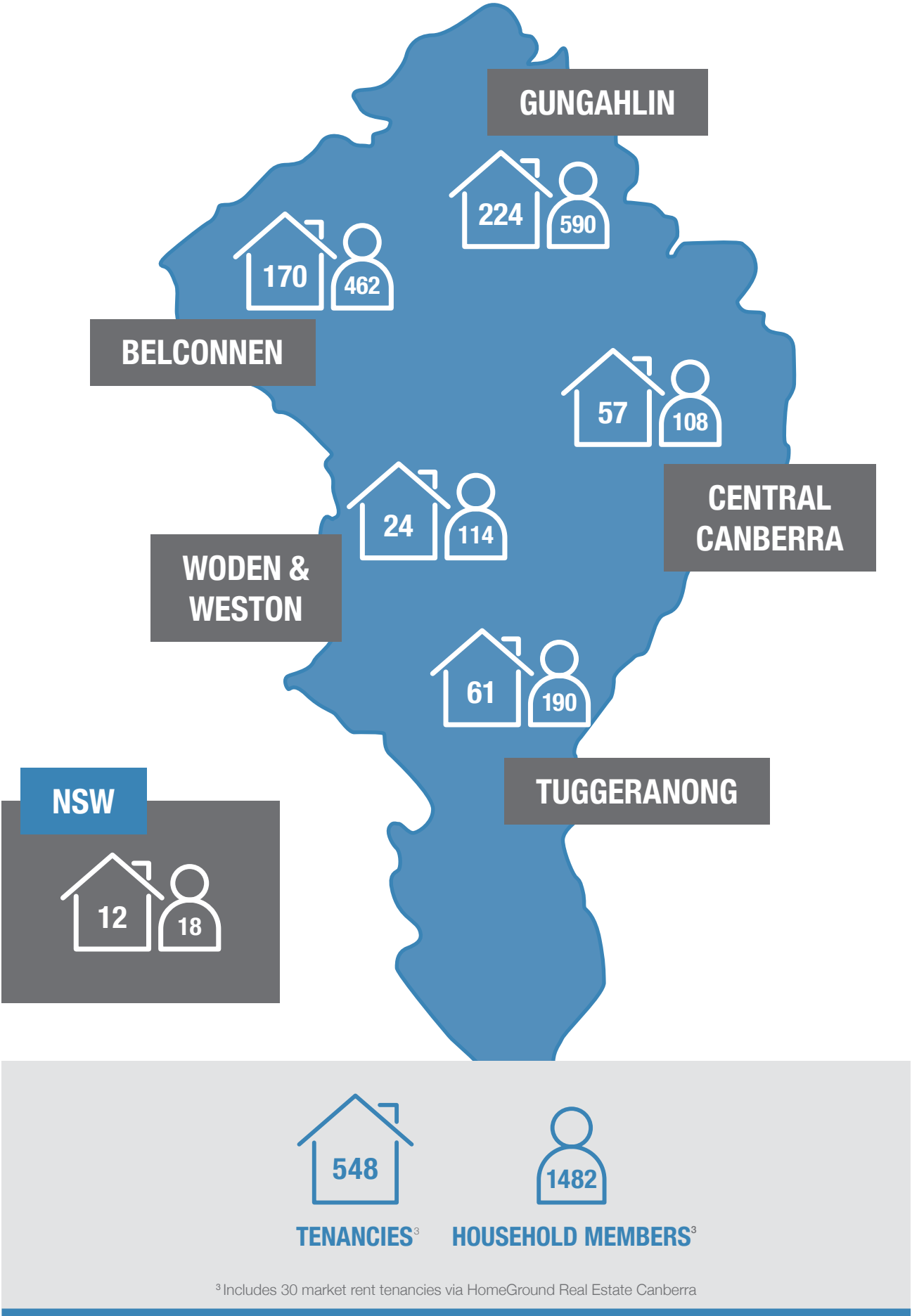
UNDERLYING EBITDA

9

SCHOLARSHIPS AWARDED BY CHC THIS YEAR



<sup>1</sup> Social housing operates on a Rebated Rent Model (25% of household income plus Commonwealth Rent Assistance).  
<sup>2</sup> Affordable housing operates on an Affordable Rent Model (74.9% of market rent).





# OUR VISION, MISSION & VALUES



## 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 and 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

## THE IMPORTANCE OF HOME AND COMMUNITY

The global COVID-19 pandemic has reinforced the value and primacy of having a safe, secure and affordable place to call “home”, and strong communities. There has been a reliance on homes to meet public health objectives, as well as providing a space for remote working arrangements for many, and an increased reliance on communities as a support network.

Whilst Canberra has fared better to date than many other jurisdictions in terms of the health and economic impact of COVID-19, many lower income Canberrans, especially those in the private rental market, have been significantly impacted. The ability for these Canberrans to meet rental payments on top of other essential household expenditure has been and remains challenging, notwithstanding Commonwealth and Territory actions in providing temporary supports. This situation has already, and will continue to, result in an increased demand on CHC in delivering our vision of providing “safe and secure homes in strong communities”.

## LARGE AND GROWING UNDER-SUPPLY

Independent research evidences a large and growing shortfall of social and affordable housing within the ACT of over 5000 properties.<sup>1</sup> With Canberra having the highest median rent for houses out of all Australian cities, and being behind only Sydney for units,<sup>2</sup> half of lower income households in the private rental market are left in a state of housing stress. This impacts health and well being, the ability to maintain education and employment, and ability to partake fully in the community.

These alarming stats are unfortunately not new, and the COVID-19 pandemic is only making the situation worse.

The new Parliamentary and Governing Agreement for the Labor-Greens Government recognises the supply issue, with a stated goal to support delivery of 600 affordable rental dwellings by 2025, and as associated planning review process linked to these outcomes.

This expanded commitment builds on the earlier ACT Housing Strategy commitments, and aligns with the ambition within CHC’s 2018-2022 Strategic Plan to position for, and deliver, material growth in supply of affordable rental homes. If delivered, this will make a meaningful contribution to addressing the large under-supply issue.

## CONTINUED STRONG PERFORMANCE AGAINST PLAN

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

- Grew social and affordable tenancies under management to 518, reflecting a 6% increase;
- Increased the supply of social and affordable tenancies under management by HomeGround Real Estate Canberra to 66, reflecting a 53% increase;
- Completed construction of ten specialist disability homes in Macgregor and Kambah, each retained by CHC and each now fully tenanted with residents with high physical support needs;
- Completed construction and fully sold the first stage of the Downer development, comprising 37 townhouses for market sale, and commenced construction of the second stage comprising 123 apartments;
- Entered into a conditional land sale agreement for the third stage of the Downer development with fellow not-for-profit, Goodwin Aged Care Services Limited, that will include delivery of a number of affordable retirement living units as part of the development to be managed long term by CHC;
- Commenced off-the-plan sales of 47 townhouses in Throsby, providing both market and affordable home purchase opportunities;
- Secured The Big Issue’s “Homes for Homes” grant of \$300,000 to support the design and construction of a specialist group home in Page, which is to be retained and managed by CHC; and,
- Was announced as a National Finalist in the 2020 Property Council of Australia annual awards for the Moncrieff development, comprising 35 townhouses that were completed last year, in the “Best Affordable Housing Development” category.

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

- Maintained provision of a direct rental subsidy to lower income Canberran households of \$3.1m;
- Maintained delivery of a small positive underlying net surplus and positive underlying cash flow, enabled by effective cost control measures; and,
- Materially increased Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) to \$13.6m, and net surplus to \$10m, driven by the Downer development.

## CHALLENGES REMAIN

Despite continued strong performance against plan and above budget growth in affordable rental supply this past year, CHC faces an increasingly difficult challenge to further grow supply as a result of:

- CHC’s capital structure, specifically the scale of the \$3.5m per year principal repayment obligation to the ACT Government, which is the subject of ongoing discussion; and,
- Roll-off of the Commonwealth Government’s National Rental Affordability Scheme (NRAS), which will result in the progressive loss of over \$2m per year (approximately 23% of current total rental revenue) over the next four years.

A successful resolution of the capital structure issue with the ACT Government would position CHC well to be a key delivery agent in delivery of the new Parliamentary and Governing Agreement goal of an additional 600 affordable rental dwellings by 2025.

CHC looks forward to building on historical partnerships with the ACT Government, and associated entities, which has seen CHC cost-effectively deliver over 1000 new dwellings over ten years, including over 300 social or affordable rentals, and over 300 being used to provide affordable home purchase opportunities to eligible lower income Canberrans.

I would like to take this opportunity to thank my fellow directors, independent committee members, the CEO, Andrew Hannan, and our staff for their commitment and contribution.

Your adaptability in working remotely for a significant period this year, whilst ensuring continued delivery of outstanding housing and associated services to our tenants, has been outstanding. 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.

**Paul Green**  
Chair



<sup>1</sup> 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>

<sup>2</sup> Domain Rental Report, September 2020, <https://www.domain.com.au/research/rental-report/september-2020/#canberra>



# CEO REPORT

## MAINTAINING BUSINESS CONTINUITY AND FOCUS

Through the shocks of the summer bushfires, and the COVID-19 pandemic to date, CHC staff have displayed commitment and flexibility to ensure that our core business, the delivery of housing and related services to our tenants, has remained uninterrupted. To support our tenants, we immediately implemented a COVID-19 tenant hardship policy for those that lost their jobs, or lost shifts as a consequence of COVID-19, to reduce financial stress.

Our new property developments remain on track for delivery as had been planned pre-COVID-19, importantly enabling us to incrementally grow supply of affordable rental housing at a time of heightened demand.

Through the past year management has focused on continued 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** – to achieve positive underlying<sup>1</sup> net surplus and cash flow by 2020;
2. **Outstanding tenant experience** – top quartile tenant satisfaction; and,
3. **Increased impact** – 2000 Canberrans housed by 2022 in appropriate, safe and secure homes, with \$30m direct rental subsidy to tenants by 2022.

## PERFORMANCE RESULTS

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

1. **Financially sustainable business model**
  - Small positive underlying net surplus and positive underlying normalized cash flow delivered for a second year in a row.
  - 8% growth in underlying EBITDA to \$3.8m (up from \$3.6m prior year).
  - Enablers include strict focus on value-accretive growth, cost containment, and operational excellence.

### 2. Outstanding tenant experience

- Overall tenant satisfaction 81%, down from 85% in the 2018 biennial survey, yet top quartile tenant satisfaction maintained.

### 3. Increased impact

- 6% increase in affordable tenancies under management to 518, corresponding to over 1400 residents;
- Delivery of fully self-funded \$3.1m direct rental subsidy to tenants (on par with prior year) taking total cumulative rental subsidy fully funded by CHC since inception to \$31.1m, delivering on the strategic target.
- Enablers include growth in HomeGround Real Estate Canberra affordable rental tenancies, and new Specialist Disability Accommodation (SDA) developments that are now tenanted.

Continued achievement of a financially sustainable business model, and delivery of our impact target of 2000 Canberrans housed by 2022, hinges upon an negotiating an acceptable debt restructure of existing facilities with the ACT Government in the near future.

## SUPPORTING THE SECTOR'S GROWTH

Through the community housing peak body, Community Housing Industry Association (CHIA), and other property industry bodies, we actively contribute to policy development and advocacy at all levels of Government to support the case for growth of the community housing sector, as the preferred delivery vehicle to meet the market need for additional supply of social and affordable rental homes.

In addition to my role as the ACT Regional Director for CHIA, I was honored to also be elected the National Chair in February 2020, and in this capacity am actively supporting the CHIA's policy development and federal advocacy with respect to a short-term social housing economic stimulus (Social Housing Acceleration and Renewal Program (SHARP)), as well as a longer term ongoing subsidy scheme.<sup>2</sup>

## BUILDING PARTNERSHIPS AND FUTURE OPPORTUNITIES

During the year we have actively pursued mutually beneficial partnership opportunities.

One example is our new partnership with fellow local not-for-profit, Goodwin Aged Care Services Limited, that will include development of affordable retirement living units, for long term management by CHC, as part of the third stage of the Downer development. In this deal, they bring the retirement living development and operational expertise, and we bring the land and the affordable rental expertise.

Another example is our partnership with the Richmond Fellowship to provide the support services for our new specialist group home to shortly be constructed on an existing CHC site, which has also been enabled by the generous grant award of \$300,000 from The Big Issue's "Homes for Homes" initiative.

During this year the advent of a National Housing Finance and Investment Corporation (NHFIC) project debt finance offering for community housing providers has increased the ability for providers to finance new development projects. CHC is working to bring to a conclusion an acceptable debt restructure of existing facilities with the ACT Government, a critical first step to then be able to take advantage of NHFIC project finance, to support delivery of our impact target of 2000 Canberrans housed by 2022.

Delivery of this target by CHC, which equates to a net addition by CHC of at least an additional 200 affordable rental homes by the end of 2022, would make a significant initial contribution to the new ACT Government commitment to support growth of supply of affordable rentals homes by 600 by 2025.

## THANK YOU

A very big thank you to our leadership team and staff for your adaptability and resilience in ensuring business continuity through the year.

A special thank you to our front line staff, who are the face the organisation to our tenants, and have the most critical of roles in delivery of our housing and related services.

A thank you also to Paul Green, Chair, and the Board of Directors – your direction, guidance, support and level of input continues to be greatly appreciated.

A big thank you to Rebecca Vassarotti, who resigned from the Board in June after almost seven years of service, as a result of her candidacy with the ACT Greens, and congratulations for winning a seat and being appointment to Cabinet.

Thanks to our tenants for your contribution to CHC and input to all of our tenant programs and activities, albeit that they were curtailed in the second half of the year due to COVID-19. Thanks also to our many partners and contractors that support delivery against our mission.

**Andrew Hannan**  
Chief Executive Officer



<sup>1</sup> Underlying performance excludes impact of development expenses and overheads, development revenue and one-offs such as asset acquisition/divestment or grants awarded.

<sup>2</sup> <https://www.communityhousing.com.au/our-advocacy/#tab-id-3>



# 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 Chair to the Board, Paul Green after Mr Col Alexander OAM retired in 2019. Ms Rebecca Vassarotti also resigned in June after seven years' service. We would like to thank both Col and Rebecca for their years of service and dedication to CHC.



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



**Paul Green** MG, BA, LLB (Hons)  
- Chair; Chair Development Committee; Member Audit and Risk Committee



**Jill Divorty** B Bus (Acctg & Fin), MBA, FCPA, GAICD - Deputy Chair; Chair Audit and Risk Committee



**Rebecca Vassarotti** - Director; Chair Community Committee



**Cathi Moore** AM BA (Social Science) - Director; Member 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



**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 37 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.

The executive team comprises:

- Megan Ward, General Manager - Operations
- Ahmed Munir, Head of Development
- Yee Cheam, Head of Finance
- Fiona Dearden, Head of People & Capability
- Brent Iggo, Head of Risk & Compliance/ Company Secretary

## AUDIT & RISK COMMITTEE

CHC's Audit & Risk Committee assists the Board by overseeing the organisation's financial management and risk management practices, including: statutory reporting and external audit requirements; internal audit and internal control; risk and compliance management; CHC's insurance coverage; and tax and employee obligations. The Committee meets regularly with the CHC executive team, enhancing communication between the Board and external auditors.

## COMMUNITY COMMITTEE

CHC's Community Committee assists the Board by helping 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 assists the Board by overseeing the organisation's property development activity. During the year the committee oversaw the now delivered SDA developments in Kambah and Wanniasa, the completion of Stage 1 and the commencement of Stage 2 of the Bradfield in Downer and the approval and pre-sales of two developments in Throsby.

## 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

2020 will be marked in history for the challenges that the COVID-19 pandemic created the world over with CHC being no exception.

Our operating decisions, in response to the pandemic, were informed by the advice provided by the Federal and Territory authorities. Based on this advice all staff began working remotely from 23rd March 2020. In consultation with staff CHC implemented a Pandemic Policy and a COVID Safe Return to Work Plan.

CHC was in a fortunate position to implement a remote working plan, whilst these arrangements were challenging, our staff managed to maintain a high standard of quality service to our applicants and tenants.

All of the CHC staff have made efforts to maintain work practices, particularly in regard to communication and cooperation.

Regular communication was aided by Zoom meetings to ensure we could continue to work as efficiently as possible.

Despite the challenges we have maintained a robust training calendar that is directly linked to objectives established in individual development plans, and staff have participated in our performance management framework to provide regular, ongoing, feedback and encouragement.

In order to maintain staff wellbeing and satisfaction, CHC staff have access to external wellbeing services including access to gym memberships or swimming passes at the AIS and an EAP service. A positive workplace culture is contributed to by all staff and a social committee organises regular social activities to help foster that culture.

Staff have been given opportunities to provide feedback during the remote working period via circulated staff surveys.

The CHC office reopened with a two team staggered attendance schedule as of the 10th of August, allowing us to welcome our tenants and applicants back to the counter four days per week. The office has been arranged to ensure physical distancing requirements can be observed and personal protective equipment such as gloves, hand sanitiser and masks have been provided for staff use. The staff have enjoyed reconnecting in the workplace and are working hard to ensure the success of the return.

We are thankful to our staff and the contribution they make to CHC every day, particularly through this very challenging time.



Claire, Megan and Fiona at the Ken Horsham Scholarship ceremony.



CHC staff member Kym receiving REI Property Manager of the Year - Public and Community Housing award.



Andrew with CHC Board Members and staff visiting The Bradfield development in Downer.



# HOMES FOR HOMES PROJECT

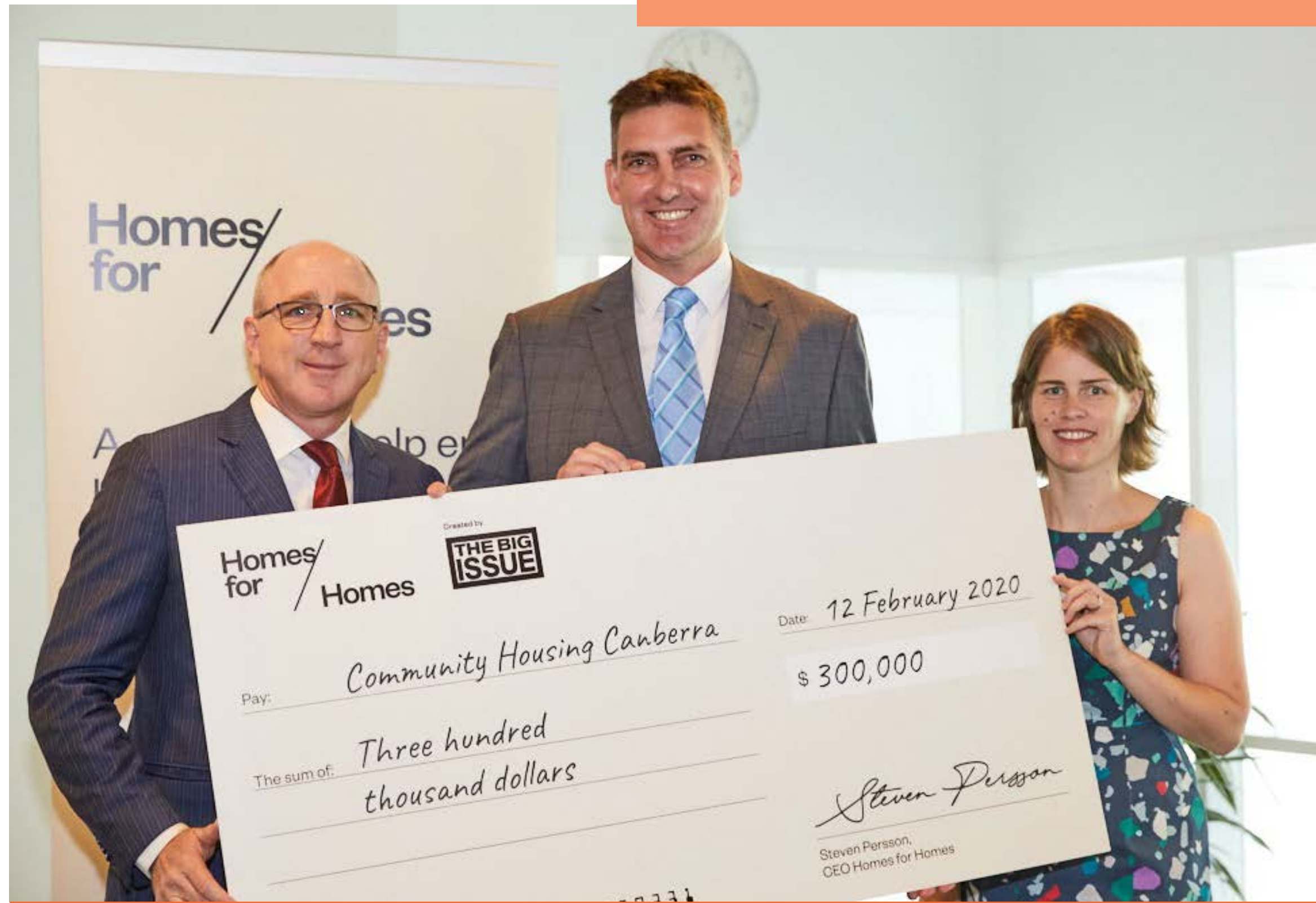
In January 2020 CHC was successful in winning \$300,000 of funding from the Homes for Homes program to build a group home in Page.

In partnership with Richmond Fellowship, CHC will be providing a home to five individuals between the ages 35 and 65 who are being cared for, full time by aging parents in the family home. These individuals live with mental illness but are not covered by the NDIS and are not eligible for Specialist Disability Accommodation (SDA). As their parents age and begin to pass away, this group of people are at real risk of being left in the family home with no support which increases their chances of becoming more unwell with the potential to become critically ill, worse still becoming homeless.

CHC has provided the land in Page and will build the new group home in the first half of 2021. This home will enable these individuals to transition to a more independent living model that has appropriate 24/7 support before their situation becomes critical. Giving them long term housing security, peace of mind and respite for their aging parent/s.

Assisting five individuals, the project will provide the successful tenants an opportunity to move into a new living environment, develop skills that enable them to live independently from their parents and have the potential to expand their experiences with other people in the wider community.

Located in Page this house is close to the Belconnen Town Centre, giving the residents access to shopping, medical and government services within a bus ride or by walking for those who are able. This location also places residents within a five minute drive to Calvary Hospital. Access to the Belconnen Town Centre also facilitates easy access to public transport options to enable tenants and support staff to easily travel to other parts of the city as required. Culturally and Linguistically Diverse (CALD) tenants will be matched to supports, providing appropriate levels of care.





# HOMEGROUND REAL ESTATE CANBERRA TURNS ONE

**In April 2020 Canberra was heavily locked down in response to the COVID-19 pandemic and so there was little fanfare and celebration of HomeGround Real Estate Canberra turning one. However, whilst the celebrations were minimal, the impact HomeGround has made to delivering on CHC's strategic plan has not been.**

At the close of the financial year there were close to 100 tenancies under HomeGround's management, meeting the ambitious target set for the start-up agency. The tenancies are a mix of market rent and below market rent properties, with 66 being below market. Thirty individual dwellings managed under below market schemes include reduced rent, affordable, NRAS & group homes. The full market rentals still support our affordable programs through collected management fees, and spreading brand awareness and supporting the ongoing financial viability of HomeGround in the long term. The option for landlords with multiple properties to participate in either scheme and still have their properties managed by the same agency is a unique and attractive opportunity for clients.

The tenants in the affordable scheme have come from diverse backgrounds including single parents, low paid migrant families who traditionally face discrimination and tenants affected by COVID-19 restricted employment who would have faced homelessness due to lack of income security.

Our HomeGround tenants not only get access to more affordable housing, they also have access to the community development initiatives provided by CHC. These initiatives aim to support and foster education, employment, social inclusion and community engagement to improve the overall wellbeing of our tenants and assist in improving employment and financial outcomes.

HomeGround Canberra has received a number of positive reviews from tenants, landlords and our partner service providers alike. Opposite are just a few reviews received to date.

As at October 2020 HomeGround has under management 106 private rental properties, housing 184 residents and with that growth we have been able to add an additional property and strata manager to the team. We are proud of what HomeGround Real Estate Canberra has been able to achieve under Business Development Manager, Maria Edwards in the first full year of operation.

**For more information about HomeGround Canberra, contact Maria Edwards via email [maria@homegroundcanberra.com.au](mailto:maria@homegroundcanberra.com.au) or visit [www.homegroundrealestatecanberra.com.au](http://www.homegroundrealestatecanberra.com.au)**

“

“I had a rental that was transferred over to this agency half way through my lease last year. Maria has been amazing, always responsive and extremely helpful. I have recently moved out of the property and Maria has been nothing but friendly, professional, easy to coordinate with and always available. I highly recommend HomeGround and if needed I will use them in the future.” – Tenant

“HomeGround Canberra provide an excellent all round management service to owners. Of particular note was the detailed oversight and management of repair and maintenance matters following damage caused by the recent hailstorm in Canberra, especially liaison with owners, insurance representatives and trades people.” – Landlord

“As an organisation we work with people who have enduring mental health issues - HomeGround has proven capable of dealing with the complexities of these tenants. HomeGround has remained flexible in defining agency responsibilities and working within the constraints of the clinical issues. Good communication. Prompt statements.” – Service Provider

”



Business Development Manager Maria with HomeGround tenants who were awarded a Ken Horsham Scholarship



# COMMUNITY DEVELOPMENT

The Community Development program is a core service of CHC. In line with our strategic direction to deliver an outstanding tenant experience, we facilitate opportunities for tenants of CHC and HomeGround that foster and support education, employment, social inclusion and community engagement, tailoring as appropriate for differing tenant cohorts.

CHC values the contribution of our tenants and we were pleased to be able to take the suggestions and feedback from a tenant forum we held to implement a calendar of initiatives before COVID-19 prevented any further face-to-face tenant engagement for the financial year.

## HARRISON HERITAGE INTERGENERATIONAL PLAYGROUP

This year, in partnership with ACT Playgroups, our Gungaharra Homestead hosted a unique regular playgroup where young children and families were able to socialise and play with senior residents. The motivation came from the successful ABC series “Old People’s Home for 4 Year Olds” where elderly people living within a retirement community got to regularly interact with four year olds which lead to improved mental and physical health outcomes and helped to form lasting social connections.

The Heritage Harrison Intergenerational Playgroup was held every Friday morning and was growing in community interest with local families and seniors in the wider community. CHC and ACT playgroups held a Christmas party for the playgroup in December 2019, where attendees included residents from Goodwin Aged Care, Carers ACT, CWA Gungahlin, CHC senior tenants and young families. The playgroup recommenced in 2020, and the Member for Ginninderra, Mr Gordon Ramsay MLA, attended one of the playgroup sessions in February. Unfortunately the playgroup had to discontinue as the risk of COVID-19 increased however, we look forward to welcoming it back to Gungaharra Homestead in the near future.

**“Our client, Maryanne had a great time attending your playgroup and comes back home full of energy and enthusiasm, she will be attending every week in 2020.” – Carers ACT**

## KEN HORSHAM SCHOLARSHIP

In February 2020 CHC opened applications for the Ken Horsham Scholarship for the third time. The late Ken Horsham was a founding director of CHC who took a keen interest in progressing his community and had a passion for social justice, and in this spirit CHC has honored him with this scholarship. The scholarship aims to help CHC and HomeGround tenants reach their study goals.

This year nine tenants received small scholarships up to the value of \$1,000 to assist with costs associated with their ongoing study. A scholarship awards ceremony was held and officiated by Minister Yvette Berry MLA, and awards were presented by the Late Ken Horsham’s wife, Mary Horsham. The ceremony was a great opportunity for tenants, their families and CHC staff to come together and celebrate the applicant’s achievements.

**We would like to congratulate tenants, John, Angela, Michael, Robert, Arcade, Chloe, Lucy, Brenton and Teenasha who were all recipients of the scholarship in 2020.**

## TENANT ASPIRATIONS

In the past 12 months, Michael has been involved in the health and wellbeing industry. He has assisted many people across ACT & NSW to overcome and achieve their personal health goals. Michael is currently enrolled in the Certificate 3 Fitness course at CIT, he was awarded \$1,000 towards course fees which he says is a tremendous help.





# COMMUNITY DEVELOPMENT

## SCHOOL HOLIDAY PROGRAMS

CHC provided an opportunity to enrol tenant children into the Kulture Break and AIS 5-day school holiday programs with ten placements for children between the ages of 5-12 years in each.

We continue to receive a great response from families in regard to offering holiday programs as it alleviates the pressure on families who have to take leave or struggle to make other arrangements over the school holiday period. Feedback from the families regarding the actual programs are very positive with children really enjoying the engaging activities and the opportunity to participate.

**“We really appreciate this amazing opportunity! We can’t thank CHC enough.” – Danna, CHC Tenant.**

## ARTISTIC PURSUITS

This year CHC encouraged tenants in their artistic pursuits by holding a photography competition with the theme “our community” and a gardening competition. We received a large number of entrants in both, with entries displayed on the CHC website. We also held a painting with water colour class at Gungaharra Homestead for interested tenants.

Thank you to all the tenants who shared with us and their community their creative flair in the garden, on canvas or from behind the camera lens.

## LADIES NIGHT

CHC provided a Ladies’ Night for tenants of CHC and HomeGround. Participants which included female tenants, board members and staff enjoyed a group dinner and a private screening of the film, Ride Like a Girl, the true story of Michelle Payne, who in 2015 became the first female jockey to win the Melbourne Cup horse race.

**“Thank you so much for last night. CHC do an amazing job. The movie was a tear jerker from the first few minutes and throughout. Dinner was delicious I enjoyed the lovely company of the ladies I sat with, Fantastic work, I really appreciate everything you do and offer families.” – Terrianne, CHC Tenant.**

## OVER 55’S LUNCH

CHC hosted a festive lunch for our tenants who are over 55. The Christmas lunch was a two course meal at The Arboretum, a special treat that was enjoyed by all who attended.

## CIT PARTNERSHIP

CHC have continued the relationship with CIT, now in its third year. The students of CIT help to empower and improve community engagement with our tenants. In turn, CHC provide on-site learning work experience for students completing their Diploma in Community Services. This year the students helped in the provision of a DIY maintenance workshop and a 1-day basic computing course with participants of the computing course receiving a free re-furbished laptop on completion. We look forward to continuing this working arrangement with CIT into 2021.

**“Letting you know how useful I found the computer training. The presenter, college and you were excellent. Thank you for the laptop, it is absolutely first class and incorporates all the features I need.” – Pat, 70 years.**

**“Thank you for the short course at Bunnings last night. I really got a lot out of the course. The staff were great and particularly informative. I was impressed about the CLR cleaning, drains and the plunges. Keep it up!” – Anon.**





# ANGELINA'S STORY

**Meet Angelina... Angelina is one of our newest tenants residing in The Ash, our recently completed Specialist Disability Accommodation (SDA) development in Kambah.**

Angelina (Angie) was born and bred in Canberra, from a large Italian family. Unfortunately for Angie, her life has been filled with trauma since being diagnosed with Catatonic Schizophrenia resistant to medication at the age of 18. Angie has spent many years in and out of institutions including Kenmore Hospital in Goulburn where she endured primitive forms of therapy common of the era and abuse, it was here that Angie suffered a stroke.

In 1996 after the death of her Mother, Angelina was living in Hennessy House in Calvary. She received a high level of care at Hennessy House, where the staff were very kind to her. In 2012 Angelina had either a fit/stroke or fall that left her permanently disabled. Angelina's brother, Tony and wife Tania, became her legal guardians and had two weeks to find a suitable placement – the only place that would take her was an aged care facility. Angelina spent almost 9 years in aged care and the better part of five years in a secure dementia ward, often bed bound.

However, Angelina's sister-in-law and legal guardian, Tania, never stopped fighting for a better life for her. In 2020 Angelina finally moved into her new home with us where she has 24-hour support.

**“Her health and wellbeing have rapidly improved since then”, according to Tania. “She’s talking, brushing her own teeth and feeding herself. She’s even trying her hand at cooking and drawing, with the help of her carers.”**

Angelina is not elderly, and does not have dementia. She would lie in her bed for days at a time, taken out for a walk in her wheelchair once a week if she was lucky. Now Angelina has the freedom to colour her walls and her hair pink (her favorite colour), she enjoys the view from her bedroom window where she has a view of a park across the street.

“I love it,” Angelina said of her new home. Angelina speaks very fondly of her family, especially of Tania and Tony who she adores. Angelina looks forward to Christmas and to having her own Christmas tree.

Tania has spent years battling bureaucracy for a better quality of life for her sister-in-law. She managed to secure ongoing funding from the NDIS to provide the care Angelina requires.

“It was such an emotional day for us as a family to see how excited Angelina was and how happy she was to have her own home, in a quiet area of Kambah which is so tranquil and peaceful.

“Where once she didn’t want to go outside of the nursing home, now she is excited to go for walks with the carers and get fresh air.

“She is smiling and laughing so much that it is hard to believe that this is the same person.”

Tania said it was a wonderful example of what happens when the NDIS comes on board and gives someone like her sister-in-law their life back. She said aged care was not the place for young people like Angelina, and hoped to help others in Canberra find more suitable SDA accommodation.

“It has given me the determination to keep going because I truly believe that no young person should ever enter into aged care and live the quality of life that does not support them and I strongly believe that they should never be put into a locked dementia unit when they do not have dementia.”

We commend the efforts of Tania and are so pleased Angelina is happy in her home and receiving the level of care she deserves and needs. We hope we can continue to grow our SDA portfolio to support others in the community like Angelina.

We wish Angelina all the best in her new home and a happy and long future as a valued CHC tenant.



**“ It was such an emotional day for us as a family to see how excited Angelina was and how happy she was to have her own home, in a quiet area of Kambah which is so tranquil and peaceful. ”**





# OUR DEVELOPMENTS



## THE ASH

**Eight townhouses, built to cater to the needs of those living with severe physical disability.**

This year saw the completion of CHC's second Specialist Disability Accommodation (SDA) development in Kambah.

Named The Ash, this development was designed and built to achieve SDA (High Physical Support) design category compliance. The Ash is comprised of eight townhouses, built to cater to the needs of those living with severe physical disability.

The development mix consists of two, three bedroom and six, two bedroom townhouses. All of the homes are single level with fully accessible common areas, bathrooms, kitchens and laundries. Additional design features include; adjustable kitchen benchtops, baths and laundries. All dwellings are Assistive Technology ready and have structural provisions for installation of future ceiling hoists. The Ash has provisions for two hours of emergency power backup, if required.

This project was completed in December 2019 and has been retained by CHC, and is now fully tenanted by individuals living with high-need physical disabilities.



## SDA PROPERTIES

**Specialist Disability Accommodation**



## WANNIASSA

During the year we added to our SDA portfolio a five bedroom home in Wanniasa. Originally a dated three bedroom home, it was knocked down to make way for a beautifully presented group home, designed and built to achieve SDA (Improved Liveability) design category compliance.

This single level group home features a large communal living and dining space, kitchen, laundry and an outdoor pergola.

This home is Assistive Technology ready and is fully wheelchair accessible with hob-less showers and grab rails, step free entry and sliding windows.

**Each of the bedrooms feature their own ensuite and a small sitting area.**

The Wanniasa Group Home was completed in June 2020 and has been retained by CHC and is tenanted by individuals living with physical disabilities.





# OUR DEVELOPMENTS



## ACACIA THROSBY

**Acacia is a boutique collection of 18 four-bedroom detached townhouses spread over two blocks, located in Throsby.**

Designed with practicality and family living in mind, each townhouse features open-plan kitchen, living and dining with a second separate living area, powder room and internal access from the double garage on the ground floor. Finishes include dual zoned heating and cooling, gas cooking, stainless steel appliances and an externally ducted range hood to create a feeling of luxury and liveability.

A range of floorplans provide options of master bedrooms with ensuites and walk-in-robos on the ground or first floor, upstairs there are three generous bedrooms with built-in-robos, main bathroom and separate study space. Each townhouse has their own private landscaped courtyard.

The Acacia development has received all authority approvals. Construction commenced in October 2020 with completion expected late 2021. So far sales are progressing well with nine of the eighteen already exchanged. Developments profits will be used to cross-subsidise CHC's operations.



## THROSBY 29

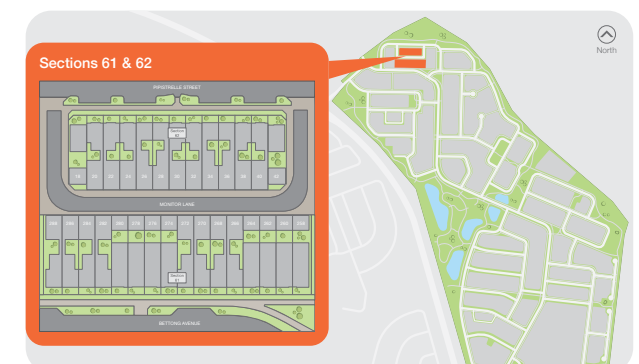
Throsby 29 is CHC's latest Land Rent Development whereby premium three and four bedroom homes in the one of the most sought after suburbs of Canberra are accessible to low-moderate income households. The ACT Government's Land Rent Scheme gives eligible individuals the option of renting land through a land rent lease rather than purchasing the land to build a home, making home ownership more affordable.

**The available floor plans offer maximum flexibility for families.**

The open plan living and dining areas are served by a contemporary kitchen featuring stainless steel appliances and Caesar stone bench tops, gas cooking and dishwasher. All bedrooms are good-sized with built in wardrobes. The spacious living and meals area and outdoor courtyards add to the amenity of the dwellings.

Throsby 29 development is due to commence by end of 2020 and sales are also tracking well with twelve being exchanged already, including one sale to date to a current CHC tenant.

**Throsby is surrounded by pristine nature reserves with views to Black Mountain and the Brindabella Ranges.**





# OUR DEVELOPMENTS



## THE BRADFIELD at Downer



### STAGE 1

In May 2020, CHC celebrated the long anticipated completion of the 1st stage of a new community called “The Bradfield”. The Bradfield is located in close proximity to Canberra’s city centre and the Downer shops. The site was previously home to Downer Primary School.

Stage 1 of “The Bradfield” consists of 37 two and three bedroom townhouses. All townhouses have been designed with open plan living with the latest appliances, spacious bedrooms and double car accommodation.

Stage 1 has been a big success with 100% of the townhouses sold before completion. Development profits are being used to cross-subsidise CHC’s operations.

**The Bradfield has also had a positive impact on the revitalisation of Downer Shops and has helped to create a vibrant hub in the heart of Downer.**

### STAGE 2

During the year, CHC also commenced construction on Stage 2 of “The Bradfield” development. Stage 2 consists of 123 one, two and three bedroom luxurious apartments across three buildings with an underground residents’ carpark.

Embracing modern minimalism, these apartments have been beautifully designed for opulence while creating a welcoming atmosphere with clean crisp lines and the warm touch of wooden finishes.

Spacious bedrooms, large courtyards and balconies overlooking the central green space are a main features of this development. Other features include; reverse cycle heating & cooling, double-glazed windows and sliding doors, bespoke kitchen joinery with stone benchtops, externally ducted range hoods,

full height tiling to bathrooms, wall hung bathroom vanities to name a few.

The Downer development offers established village-like lifestyle right at its doorstep with the additional convenience of the Dickson Shopping precinct only 800m away.

Construction on “The Bradfield” stage 2 is currently ongoing, with completion expected by mid-2021, 80 units have sold to date including six affordable sales under the ACT Government Affordable Housing Price Threshold of \$320,000.



# CHC'S DEVELOPMENT HISTORY







COMMUNITY HOUSING CANBERRA LIMITED  
(A company limited by guarantee)  
ACN 081 354 752

# Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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Corporate information

Company number	ACN: 081 354 752
Directors	C Alexander (Chair) (Resigned on 26 November 2019) P Green (Appointed Chair on 4 February 2020) J Divorty (Appointed Deputy Chair on 4 February 2020) C Moore R Vassarotti (Resigned on 21 June 2020) C Wall P Carmody J Douglas
Company Secretary	B Iggo
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 (Resigned on 26 November 2019)	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) Member (Finance Committee)-Dissolved on 4 February 2020
Paul Green (Appointed Chair and Chair of Development Committee on 4 February 2020)	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.	Chair Member (Audit & Risk Committee) Chair (Development Committee)
Cathi Moore (Resigned as Audit Committee Chair on 28 April 2020)	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 Member (Audit & Risk Committee) Member (Community Committee)
Rebecca Vassarotti (Resigned on 21 June 2020)	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 (Appointed Chair of Community Committee on 21 June 2020)	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 Chair (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 (Appointed Deputy Chair of the Board on 4 February 2020 and Chair of Audit and Risk Committee on 28 April 2020)	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)-Dissolved on 4 February 2020 Chair (Audit & Risk 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 2020

The Directors present this report to the members of Community Housing Canberra Limited (“the Company”) for the year ended 30 June 2020 and the auditor’s report thereon.

Directors

The Directors of the Company during the 2019-20 financial year and to the date of this report are:

	Date Appointed	Date Ceased	Directors’ Meetings		Audit	
			A	B	A	B
Mr Colin Alexander	30-Oct-09	26/11/2019	2	3	-	-
Mr Paul Green	30-Oct-11	-	6	6	3	5
Ms Cathi Moore	30-Oct-07	-	6	6	5	5
Ms Rebecca Vassarotti	26-Nov-13	21/06/2020	6	6	-	-
Ms Clare Wall	8-Sep-15	-	6	6	-	-
Mr Paul Carmody	2-Aug-16	-	6	6	-	-
Ms Jill Divorty	7-Dec-17	-	5	6	4	5
Mr Jim Douglas	24-Jan-19	-	5	6	5	5

**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 2019. Mr Brent Iggo was appointed as Company Secretary on 1 September 2019. 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 \$Nil (2019: \$23,130).

Mr Paul Green joined also Lexmerca Lawyers as a consultant in 2019. Legal services were provided to Community Housing Canberra Ltd during the year regarding several development projects totalling \$16,978 (2019: \$6,867).

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 \$2,198 (2019: \$5,112). The director was not involved with the procurement process. Real Mastery Consulting was contracted to provide services prior to the appointment of the director.

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 24) 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 they have 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 2019-20 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



**Directors' Report for the Financial Year Ended 30 June 2020 – continued**

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 Canberran's housed by 2022 in appropriate, safe and secure homes, with \$30 million direct rental subsidy to tenants by 2022.

During the financial year, Management has substantially delivered on “Phase 2 – Transform” and “Phase 3 – Grow” of the Strategic Plan, through the achievement of cost reductions as a consequence of operational excellence; delivery of systems transformation to support growth; growing its portfolio of third-party owned homes under management; pursuing targeted new developments and partnerships; all whilst ensuring high levels of tenant satisfaction and ensuring that CHC is a great place to work. The Company has again delivered a positive underlying net surplus and cash flow this year.

Through the Company's HomeGround Real Estate Canberra business, Canberra's only licensed not-for-profit real estate agency, which was launched in April 2019, the portfolio of third-party owned homes under management continues to grow. 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 the decision to commit to an ongoing land tax exemption program for eligible landlords contributing to affordable rental supply growth.

Discussions remain underway with the ACT Government with respect to the Company's capital structure, which in its current form continues to impede delivery of the Company's strategic goals and targets in supporting more Canberrans on low-moderate incomes. Negotiating an outcome to such discussions was delayed during the year by the ACT Government as a consequence of a need to focus on the health and economic response to the COVID-19 pandemic, and the commencement of the caretaker period leading into the ACT election. The ACT Government expressed a willingness to recommence negotiations once the next Legislative Assembly is formed.

The roll-off of the Commonwealth Government's National Rental Affordability Scheme (NRAS) has commenced, and coupled with increased principal repayment obligations to the ACT Government, will further accentuate this impediment to the Company delivering on its strategic goals.

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 undertook the following principal activities during the financial year to achieve its objectives and strategies:

1. Provided rental rebates to Rebated Rent and Affordable Rent tenants in existing stock;
2. Provided rental rebates to National Rental Affordability Scheme (NRAS) tenants in existing stock;
3. Increased the supply of affordable housing properties available for sale through a targeted development program;
4. Continued to refurbish and redevelop transferred stock to improve the standard of that stock;
5. Increased the supply of affordable housing properties available for rent through HomeGround Real Estate Canberra, with the assistance of the ACT Government via an Innovation Fund Grant of \$230,000;
6. Increased the supply of affordable housing properties available for rent by eligible applicants through the capital works program;
7. Completed construction of 10 Specialist Disability Accommodation (SDA) dwellings, two in Macgregor and 8 in Kambah, all of which were retained by the Company for rent by eligible applicants;
8. Commenced construction of a five bedroom group home, built to SDA “Improved Liveability” standard to accommodate 4 – 5 individuals with special needs, for rent by eligible applicants;
9. Completed construction and sale of the first stage of “The Bradfield” development to deliver 37 townhouses in the suburb of Downer;
10. Commenced construction of 123 apartments in the suburb of Downer for the second stage of “The Bradfield” development;
11. Entered into a conditional land sale agreement with Goodwin Aged Care Limited that will result in the delivery of affordable retirement living options in the suburb of Downer as part of the third stage of development, which will be developed by Goodwin and with the affordable component managed by the Company.
12. Commenced sale of 18 house and land dwellings in the suburb of Throsby, as well as 29 land rent dwellings also in the suburb of Throsby, with the latter for sale to eligible applicants under the ACT Government's Land Rent scheme;

**Directors' Report for the Financial Year Ended 30 June 2020 – continued**

13. Secured The Big Issue's “Homes for Homes” grant of \$300,000, which coupled with the Company's own investment of approximately \$460,0000, will enable the Company to build a 4/5 bedroom group home in Page. This home will provide housing for adult individuals with mental illness, who are not covered by the National Disability Insurance Scheme (NDIS) nor eligible for SDA, and who are being cared for by aging parents, to provide them the opportunity to transition to living independently from their parents;
14. Purchased off-the-plan four 2 bedroom townhouses in the Valo development in Coombs to increase supply of affordable housing properties available for rent by eligible applicants; and
15. Administered 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 homes, principally for rent, to individuals and families. During the 2019-20 financial year, a total of 518 (2018-19: 487) tenancies were supported, of which 452 (2018-19: 444) tenancies were supported directly by the Company and 66 (2018-19: 43) tenancies were from properties under management through HomeGround Real Estate Canberra. A total direct rental subsidy of \$3.1 million (2019: \$3.0 million) was provided by the Company. Affordable Rental Rebates include subsidies of \$26,001 (2018-19: \$Nil) provided to tenants who suffered hardship as a result of the COVID-19 pandemic.

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 2019-20 as follows:

Tenancy model	2019-20 \$	2019-20 Tenantable areas	2018-19 \$	2018-19 Tenantable areas
Rebated Rental Rebate	1,194,705	86	1,145,638	95
Affordable Rental Rebate	1,918,583	366	1,844,256	349
Rebated or Affordable Rental - HomeGround	N/A	66	N/A	43
<b>Total Rebate</b>	<b>3,113,288</b>	<b>518</b>	<b>2,989,894</b>	<b>487</b>

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 licensed 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 \$1,200 (2019: \$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.



## Directors' Report for the Financial Year Ended 30 June 2020 – continued

### Indemnification and Insurance of Officers and Auditors

Since the end of the previous financial year, the Company has paid insurance premiums of \$25,357 (2019: \$23,747) 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.

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 11 and forms part of the Directors' report for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Directors:



Paul Green  
Chair

Canberra 29 October 2020



Jill Divorty  
Deputy Chair

## 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 14 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 2020 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:



Paul Green  
Chair



Jill Divorty  
Deputy Chair

Canberra 29 October 2020



**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 2020, 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



Ajay Sharma  
Assistant Auditor-General, Financial Audit  
30 October 2020

**INDEPENDENT AUDITOR'S REPORT**

**To the Directors of Community Housing Canberra Limited**

**Opinion**

I have audited the financial statements of Community Housing Canberra Limited (Company) for the year ended 30 June 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, notes to the financial statements including a summary of significant accounting policies, 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 2020, 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 (including Independence Standards)* (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

I am responsible for issuing an auditor's report that includes an independent opinion on the financial statements of the Company.

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 communicated 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.



Ajay Sharma  
Assistant Auditor-General, Financial Audit  
30 October 2020

Community Housing Canberra Limited  
(A company limited by guarantee)

Statement of comprehensive income		Note	2020 \$	2019 \$
For the year ended 30 June 2020				
<b>INCOME</b>				
Revenue from contracts with customers:				
- Rental and Management Revenue	5 (a),(c)		8,734,248	8,572,473
- Development sales revenue	5 (b)		27,948,123	11,325,701
Net gain on disposal, transfer or impairment of assets	6 (e)		-	195,039
Other income	5 (d)		206,242	122,838
<b>TOTAL INCOME</b>			<b>36,888,613</b>	<b>20,216,051</b>
<b>EXPENSES</b>				
Asset management expenses	6 (a)		(2,123,878)	(2,537,172)
Cost of developments sold	6 (b)		(17,745,003)	(10,532,051)
Administrative expenses	6 (c)		(672,421)	(660,540)
Depreciation and amortisation	6 (d)		(3,096,382)	(2,877,236)
Employee expenses	7		(2,093,139)	(1,814,524)
Selling expenses			(532,601)	(286,801)
Net loss on disposal, transfer or impairment of assets	6 (e)		(39,722)	-
Bad debts	11(b)		(57,077)	(58,084)
<b>TOTAL EXPENSES</b>			<b>(26,360,223)</b>	<b>(18,766,408)</b>
Finance income	8 (a)		191,204	442,727
Finance expenses	8 (b)		(578,557)	(1,232,228)
Interest on lease liabilities	18		(136,097)	-
<b>NET FINANCE EXPENSE</b>			<b>(523,450)</b>	<b>(789,501)</b>
<b>NET SURPLUS FOR THE PERIOD</b>			<b>10,004,940</b>	<b>660,142</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in the asset revaluation surplus	21		16,531	11,728,396
<b>Other comprehensive income for the period</b>			<b>16,531</b>	<b>11,728,396</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			<b>10,021,471</b>	<b>12,388,538</b>

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



<b>Statement of financial position</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
As at 30 June 2020		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	21,679,057	15,800,304
Trade and other receivables	11	471,112	407,451
Inventory	12	23,867,365	12,943,746
Other assets	13	2,455,800	2,592,729
<b>TOTAL CURRENT ASSETS</b>		<b>48,473,334</b>	<b>31,744,230</b>
<b>NON-CURRENT ASSETS</b>			
Capital works in progress	14	648,659	2,521,765
Inventory	12	4,464,760	9,150,835
Property, plant and equipment	9	166,685,591	166,231,306
Intangible assets	15	900,215	31,249
Right-of-use assets	18	6,486,795	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>179,186,020</b>	<b>177,935,155</b>
<b>TOTAL ASSETS</b>		<b>227,659,354</b>	<b>209,679,385</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	3,693,776	1,503,918
Employee benefits	17	239,797	168,161
ACT Government loan	4	5,000,000	2,500,000
Interest-bearing debt	4	422,832	418,843
Lease liabilities	18	598,971	-
Other provisions	19	87,473	32,412
Other liabilities	20	269,450	226,022
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,312,299</b>	<b>4,849,356</b>
<b>NON- CURRENT LIABILITIES</b>			
ACT Government loan	4	58,112,000	60,612,000
Interest-bearing debt	4	6,463,406	6,897,134
Lease liabilities	18	5,429,283	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>70,004,689</b>	<b>67,509,134</b>
<b>TOTAL LIABILITIES</b>		<b>80,316,988</b>	<b>72,358,490</b>
<b>NET ASSETS</b>		<b>147,342,366</b>	<b>137,320,895</b>
<b>EQUITY</b>			
Asset revaluation surplus	21	79,365,364	80,199,741
Retained earnings		67,977,002	57,121,154
<b>TOTAL EQUITY</b>		<b>147,342,366</b>	<b>137,320,895</b>

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

<b>Statement of changes in equity</b>	<b>Note</b>	<b>Retained Earnings</b>	<b>Asset Revaluation Surplus</b>	<b>Total Equity</b>
For the year ended 30 June 2020		\$	\$	\$
<b>Opening balance at 1 July 2019</b>		<b>57,121,154</b>	<b>80,199,741</b>	<b>137,320,895</b>
Net (deficit)/surplus for the period		10,004,940	-	10,004,940
<b>Other comprehensive income</b>				
Impairment loss on land and buildings	21		(120,833)	(120,833)
Revaluation of land and buildings	21	-	137,364	137,364
<b>Total comprehensive income for the period</b>		<b>10,004,940</b>	<b>16,531</b>	<b>10,021,471</b>
Transfer of revaluation increment for assets disposed	21	850,908	(850,908)	-
<b>Closing balance at 30 June 2020</b>		<b>67,977,002</b>	<b>79,365,364</b>	<b>147,342,366</b>

	<b>Note</b>	<b>Retained Earnings</b>	<b>Asset Revaluation Surplus</b>	<b>Total Equity</b>
		\$	\$	\$
<b>Opening balance at 1 July 2018</b>		<b>55,907,259</b>	<b>69,025,098</b>	<b>124,932,357</b>
Net surplus for the period		660,142	-	660,142
<b>Other comprehensive income</b>				
Impairment loss on land and buildings	21		(280,000)	(280,000)
Revaluation of land and buildings	21	-	12,008,396	12,008,396
<b>Total comprehensive income for the period</b>		<b>660,142</b>	<b>11,728,396</b>	<b>12,388,538</b>
Transfer of revaluation increment for assets disposed of	21	553,753	(553,753)	-
<b>Closing balance at 30 June 2019</b>		<b>57,121,154</b>	<b>80,199,741</b>	<b>137,320,895</b>

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



<b>Statement of cash flows</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
For the year ended 30 June 2020		\$	\$
<b>Operating activities</b>			
Cash receipts from customers		8,983,830	6,667,016
Cash payments to suppliers and employees		(3,507,458)	(5,111,327)
Interest and dividends received		191,204	442,727
Interest and lease interest paid		(974,726)	(1,671,871)
Proceeds from the sale of inventory and properties		27,927,081	23,141,335
Construction of inventory and new properties		(26,719,771)	(22,921,682)
Grant Funding		180,000	105,909
Goods and Services Tax collected from customers		4,096,175	1,153,738
Goods and Services Tax input tax credits paid to/received from the Australian Taxation Office		(1,506,083)	54,540
Goods and Services Tax paid to suppliers		(2,702,263)	(1,193,530)
<b>Net cash flows from operating activities</b>		<b>5,967,989</b>	<b>666,855</b>
<b>Investing activities</b>			
Payments for intangible assets		(224,949)	(564,886)
Payments for plant and equipment		(205,287)	(174,242)
Proceeds from the disposal of property, plant and equipment		1,233,614	935,106
<b>Net cash flows from investing activities</b>		<b>803,378</b>	<b>195,978</b>
<b>Financing activities</b>			
Lease liabilities principal paid		(462,874)	-
Repayment of loans		(429,740)	(2,856,056)
<b>Net cash flows used in financing activities</b>		<b>(892,614)</b>	<b>(2,856,056)</b>
Net increase/(decrease) in cash and cash equivalents		5,878,753	(1,993,223)
Cash and cash equivalents at the beginning of the year		15,800,304	17,793,527
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>21,679,057</b>	<b>15,800,304</b>

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 2020

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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 2020 were authorised for issue in accordance with a resolution of the Directors on 30 October 2020.

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;
- right-of-use assets at 1 July 2019, the date of initial application of *AASB 16 Leases*, are measured at an amount equal to the remaining lease liabilities, less any impairment losses; and
- lease liabilities related to the right-of-use assets, are measured at 1 July 2019, the date of initial application of *AASB 16 Leases*, at the present value of remaining lease payments over the remaining term of the lease.

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

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

IMPACT OF COVID-19

The Company has assessed the impact of the COVID-19 pandemic on the balances included in its financial statements. The recoverability of Receivables and Inventory are the two areas that may potentially be impacted by the COVID-19 pandemic. However, the Company has concluded that COVID-19 has not had a material impact on either of these balances.

(c) Changes in accounting policies

There were no changes to the Company's accounting policies during the year ended 30 June 2020, with the exception of *AASB 16 Leases*, which came into effect and was applied for the first time from 1 July 2019, to its portfolio of land leases under the ACT Land Rent Scheme and its lease agreement on office equipment.

As the leases (see Note19) were previously recognised as operating leases, where lease payments were recognised as expenses in the statement of comprehensive income, the Company elected to adopt the *Modified Retrospective Method*. Under this method, comparatives are not restated retrospectively and the lease liability is measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and the right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease as at the date of transition. See Note 2(l).

The Company applies the elected transition method to all leases for which it is a lessee.

*AASB 15 – Revenue from Contracts with Customers* also came into effect and was applied for the first time from 1 July 2019. The Company's revenue streams have been assessed using the new provisions and it was concluded that there were no significant changes to the revenue recognition of these revenue streams which have might require additional disclosures or reinstatement of prior year comparative figures. See Note 2(d).

Notes to the financial statements – continued

2 Summary of accounting policies – continued

(d) Revenue recognition

Revenue is recognised in accordance with *AASB 15 Revenue from Contracts with Customers* where the contract is enforceable and contains sufficiently specific performance obligations, otherwise revenue is in the scope of *AASB 1058 Income of not-for-Profit Entities*.

Each revenue stream is recognised by applying the following steps:

1. Identify the contract with the customers;
2. Identify the separate performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price; and
5. Recognise revenue as or when control of the performance obligation is transferred to the customer

**Rental revenue** comprises the revenue earned from the provision of community and affordable housing to entities outside the Company. Rental revenue is recognised when the fee in respect of services falls due, which is typically on a weekly basis, in advance of the provision of housing. Each rental/tenancy agreement is an enforceable contract where the provision of housing is a performance obligation which is satisfied over time and where the customer has control of the performance obligation at the commencement of the contract when they are given access to the property. The Company's right to the rental payments is unconditional and is recognised as a receivable. No contract liability is recognised on advance payment as the performance obligation has been satisfied on commencement of the contract and only the passage of time is required for revenue recognition.

**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. Each sale contract is an enforceable contract and the performance obligation related to the customer taking control of the property is satisfied when settlement occurs, where the consideration is paid concurrently.

**Property Management Fees** from the Company's HomeGround Real Estate Canberra business, which encompasses management fees from CHC Strata Services and property management services, are recognised when the fee in respect of services fall due. Each management agreement is an enforceable contract where the provision of property management services is a performance obligation which is satisfied over time and where the customer has control of the performance obligation at the commencement of the contract, in that they are given the authority to instruct their property manager as required in managing their property. The Company's right to the rental payments is unconditional and is recognised as a receivable. No contract liability is recognised on advance payment as the performance obligation has been satisfied on commencement of the contract and only the passage of time is required for revenue recognition.

**Grant and Contributions** are recognised in conjunction with *AASB 1058 Income of Not-for-Profit Entities*, where an asset or service is received for significantly less than fair value, the grant revenue is recognised immediately on receipt of the asset/services in the statement of comprehensive income, for the excess of the initial carrying amount of an asset over related amounts which may be recognised as the following:

- contributions by owners;
- revenue or contract liability arising from a contract with a customer;
- a lease liability;
- a financial instrument; or
- a provision.

In respect of capital grants that meet the following conditions:

- the contract is enforceable
- the financial assets is to be used to acquire or construct a non-financial asset which will be recognised on the Company's books, and
- the asset is not required to be transferred to any other party

A contract liability is recognised on receipt of funds and grant revenue is recognised as the asset is constructed or acquired. A contract asset is recognised if funds have been received in arrears.

A contract liability is the Company's obligation to transfer goods or services to a customer for which the consideration has been received (or an amount of consideration is due) from the customers.

A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer, which are subject to the fulfillment of other performance obligations and shall be assessed for impairment in accordance with *AASB 9*.



**Notes to the financial statements - continued**

**2 Summary of accounting policies – continued**

**(e) Expenses**

Expenses are accounted for on an accruals basis reflecting the terms upon which the goods or services are purchased and recognised in the statement of comprehensive income, with the following exceptions:

- Asset Management Expenses – Planned and responsive maintenance which have the characteristics of plant and equipment, with a minimum value of \$1,000 is capitalised as property, plant and equipment on the statement of financial position.
- Expenses related to development projects are accounted per the Inventory policy. See 2(i).

**(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 7 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.

Expected credit loss expenses are 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. Transfers out of inventory for sale of development is recognised in the statement of comprehensive income as cost of developments sold.

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) 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.

**(k) 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.

**Notes to the financial statements - continued**

**2 Summary of accounting policies – continued**

**(k) Property, plant and equipment - continued**

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:

	2020 Years	2019 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.

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.

**(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 2019-20 as 4 years (2018-19: 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.

**(l) Leases**

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

The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



**Notes to the financial statements - continued**

**2 Summary of accounting policies – continued**

**(l) Leases - continued**

**(i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land Rent Lease as part of housing stock – Not applicable
- Land Rent Lease as part of development stock – Not applicable
- Office Equipment – 4 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

**(ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option if it is reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the subsequent carrying amount of lease liabilities is reassessed if there is a modification, a change in the lease term, a change in the lease payments from changes to future payments resulting from a change in an index or rate used to determine such lease payments or a change in the assessment of an option to purchase the underlying asset.

**(iii) Short term leases and leases of low value assets**

The Company applies recognition exemptions for short term leases of 12 months or less and leases of low value assets in the statement of comprehensive income, as an expense on a straight line over the term of the lease.

**(iv) Sub-leases**

Sub-leases in which does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the statement of comprehensive income.

**(m) Financial assets and liabilities**

**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.

**Notes to the financial statements - continued**

**2 Summary of accounting policies – continued**

**(n) Employee benefits - continued**

**(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.

**(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.



**Notes to the financial statements - continued**

**2 Summary of accounting policies – continued**

**(p) Loans and borrowings - continued**

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 losses 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.

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.

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**

<i>Property, plant and equipment</i>	2020 \$	2019 \$
Net fair value of land and buildings	165,877,311	165,450,000

**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.

	2020 \$	2019 \$
<b>Loans</b>		
<b>Current</b>		
- ACT Government loan	5,000,000	2,500,000
- Beyond Bank (formerly Community CPS) loan	422,832	418,843
<b>Total current loans</b>	<b>5,422,832</b>	<b>2,918,843</b>

	2020 \$	2019 \$
<b>Loans</b>		
<b>Non-current</b>		
- ACT Government loan	58,112,000	60,612,000
- Beyond Bank (formerly Community CPS) loan	6,463,406	6,897,134
<b>Total non-current</b>	<b>64,575,406</b>	<b>67,509,134</b>
<b>Total loans</b>	<b>69,998,238</b>	<b>70,427,977</b>

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 2017-18 on the \$50 million loan facility.

The principal repayment of \$2.5 million, on the \$50 million loan facility, due on 30 June 2020 was deferred to 31 December 2020 and the meeting to establish a repayment plan for the \$20 million loan facility meant to be held in May 2020 was deferred to June 2021, by the ACT Government due to the COVID-19 pandemic.

Total interest incurred for the financial year was \$540,273 (2019: \$1,293,811). Of this amount, \$260,071 (2019: \$419,172), being approximately 48.1% (2019: 32.4%) 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 \$298,355 (2019: \$357,589).

**(a) Financing facilities available**

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

	2020 \$	2019 \$
<b>Total facilities:</b>		
- 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
<b>Total facilities</b>	<b>82,635,943</b>	<b>82,635,943</b>
<b>Facilities used at reporting date:</b>		
- ACT Government loans (4.02.08)	45,000,000	45,000,000
- ACT Government loans (28.06.11)	18,112,000	18,112,000
- ACT Government loans total	63,112,000	63,112,000
- Beyond Bank (formerly Community CPS)	6,886,238	7,315,977
<b>Total facilities used</b>	<b>69,998,238</b>	<b>70,427,977</b>
<b>Facilities unused at reporting date:</b>		
- ACT Government facility (28.06.11)	6,888,000	6,888,000
- ACT Government facility total	6,888,000	6,888,000
- Beyond Bank (formerly Community CPS)	5,749,705	5,319,966
<b>Total facilities unused</b>	<b>12,637,705</b>	<b>12,207,966</b>

i. Facilities unused are not available for redraw.

**ACT Government Loans**

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.

**Notes to the financial statements – continued**

**4. Loans and Borrowings – continued**

**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.

**(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 2020:

- 1 1 February 2019, \$53,400 to the Environment Planning & Sustainable Development Directorate - 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.

The security is held to provide the Company with a quick line of credit when needed. As at 30 June 2020, there is no facility in place.

**5 Income**

**(a) Rental revenue**

	2020 \$	2019 \$
Public rebated rental income	i 880,924	925,413
Affordable housing rental income	ii 1,824,911	1,451,797
NRAS housing rental income *	iii 2,939,166	3,304,323
NRAS land rent housing rental income *	iv 2,869,549	2,789,786
Other rental income	v 82,125	40,619
<b>Total Rental Revenue</b>	<b>8,596,675</b>	<b>8,511,938</b>

**(b) Development sales revenue**

Sales proceeds – Throsby 10	vi -	2,766,534
Sales proceeds – Moncrieff	vi 588,091	8,554,745
Sales proceeds – Downer Stage 1	vi 19,281,490	-
Sales proceeds – Downer Stage 3	vii 8,057,500	-
Other development income	21,042	4,422
<b>Total Development Sales Revenue</b>	<b>27,948,123</b>	<b>11,325,701</b>

**(c) Management fees**

NRAS non-entity joint venture management fees	30,086	30,941
Property Management - HomeGround	107,488	4,813
Strata Management	-	24,781
<b>Total Management Fee Revenue</b>	<b>137,574</b>	<b>60,535</b>

**(d) Other income**

Membership	120	290
Recovery of costs from tenant related damage	6,357	5,161
Grants and Contributions:		
- Environment Planning & Sustainable Development Directorate - ACT Affordable Housing Innovation Fund	viii 180,000	100,000
- Environment Planning & Sustainable Development Directorate - ACT Heritage grant	ix -	5,000
- Southern Cross Club Community Grant – School Holiday Gym Program for tenants' kids	-	909
Other income	19,765	11,478
<b>Total Other Income</b>	<b>206,242</b>	<b>122,838</b>

\* National Rental Affordability Scheme (NRAS)

**Notes to the financial statements – continued**

**5. Income – continued**

**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 from properties under 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 hall hire charges for Gungaharra Homestead and Special Disability Accommodation (SDA) incentives for dwellings under the National Disability Insurance Scheme (NDIS).
- vi Sales proceeds reflects sales of the Throsby 10 and Moncrieff and Downer Stage 1 developments.
- vii Downer Stage 3 sales proceeds are in respect of the sale of a parcel of land in conjunction with a joint venture with Goodwin to deliver independent living units.
- viii Environment Planning & Sustainable Development Directorate - ACT Affordable Housing Innovation Fund of \$230,000 is only partially recognised 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 was received in 2019-20 on the achievement of the final 2 milestones as defined in the Deed of Grant.
- ix Environment Planning & Sustainable Development Directorate - ACT Heritage grant relates to a grant provided to the Company to undertake conservation works for the Gungaharra Homestead.

**6 Expenses**

**(a) Asset management expenses**

Asset management expenses	i 2,123,878	2,529,179
Asset management expenses compensated by ACT Heritage Grant	-	5,340
Asset management expenses compensated by Southern Cross Community Grant	-	2,653
<b>Total Asset Management Expenses</b>	<b>2,123,878</b>	<b>2,537,172</b>

**(b) Cost of developments sold**

Downer Stage 1	ii 13,216,730	-
Downer Stage 3	ii 4,035,149	-
Throsby	ii -	2,520,684
Moncrieff	ii 493,124	8,011,367
<b>Total Cost of Developments Sold</b>	<b>17,745,003</b>	<b>10,532,051</b>

**(c) Administrative expenses**

Directors fees	43,287	53,310
Information technology	113,513	80,799
Professional memberships and subscriptions	39,409	36,008
Motor vehicle expenses	40,474	34,267
Professional services	iii 143,283	89,141
Advertising, marketing and media	34,190	59,053
Other employee related costs	59,305	46,959
Other administrative expenses	70,283	159,680
Administrative expenses compensated by ACT Affordable Housing Innovation Grant	iv 128,677	101,323
<b>Total Administrative Expenses</b>	<b>672,421</b>	<b>660,540</b>

**(d) Depreciation and amortisation**

Depreciation	9 2,973,528	2,860,439
Depreciation of right-of-use assets	18 4,334	-
Amortisation	15 118,520	16,797
<b>Total Depreciation and Amortisation</b>	<b>3,096,382</b>	<b>2,877,236</b>



**Notes to the financial statements – continued**

**6. Expenses – continued**

	2020 \$	2019 \$
<b>(e) Net Loss/(gain) on disposal, transfer or impairment of assets</b>		
Loss/(Gain) on disposal of land & building v	48,390	(195,039)
Loss/(Gain) on disposal of plant and equipment	(8,668)	-
<b>Total Net Loss/(Gain) on Disposal, Transfer or Impairment of Assets</b>	<b>39,722</b>	<b>(195,039)</b>

**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 development and construction costs for completed projects for which settlement has occurred.
- iii. 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.
- iv. Administrative expenses compensated by the ACT Affordable Housing Grant include expenses related to the establishment of HomeGround Real Estate Canberra.
- v. Relates to a loss/(gain) on disposal of 62/56 Bluebell Street in 2019-20 and 14 Throsby Crescent in 2018-19.

**7 Employee expenses**

	2020 \$	2019 \$
Salaries and wages i	1,719,208	1,580,584
Superannuation contributions	167,288	144,876
Provision for annual and long service leave	71,636	36,920
Other employee expenses	35,449	36,090
Salaries and wages and superannuation contributions compensated by ACT Affordable Housing Innovation Grant	99,558	16,054
<b>Total Employee Expenses</b>	<b>2,093,139</b>	<b>1,814,524</b>

i As at 30 June 2020, the Company has 23 staff (2019: 23).

**8 Finance income and finance expenses**

	2020 \$	2019 \$
<b>(a) Finance income</b>		
Interest earned on cash and cash equivalents i	188,704	442,727
Dividends received	2,500	-
<b>Total Finance Income</b>	<b>191,204</b>	<b>442,727</b>
<b>(b) Finance expenses</b>		
Interest expense on ACT Government loans	280,202	864,639
Interest expense on Beyond Bank loans	298,355	357,589
<b>Total Finance Expenses</b> ii	<b>578,557</b>	<b>1,232,228</b>

- i Interest earned on cash and cash equivalents has seen a significant decline due to the decline in commercial interest rates during the financial year 2019-20.
- ii Finance expenses have seen a significant decline due to principal repayments and also the decline in commercial interest rates during the financial year 2019-20.

**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).

No fair value valuations were performed in 2019-20 with the exception of when 4 Dargin Crescent, Moncrieff was transferred from inventory to property, plant and equipment. See note 9(ii) below.

**Notes to the financial statements – continued**

**9. Property, plant and equipment – continued**

**(b) Property, plant and equipment carrying amount**

Carrying amount	TOTAL \$
<b>2019</b>	
<b>Land and Buildings</b>	
Cost or fair value	165,450,000
Less: Accumulated depreciation	-
	<b>165,450,000</b>
<b>Plant and Equipment</b>	
Cost	1,699,739
Less: Accumulated depreciation	(918,433)
	<b>781,306</b>
<b>Carrying amount at 30 June 2019</b>	<b>166,231,306</b>
<b>2020</b>	
<b>Land and Buildings</b>	
Cost or fair value	168,661,697
Less: Accumulated depreciation	(2,784,386)
	<b>165,877,311</b>
<b>Plant and Equipment</b>	
Cost	1,860,311
Less: Accumulated depreciation	(1,052,031)
	<b>808,280</b>
<b>Carrying amount at 30 June 2020</b>	<b>166,685,591</b>

**(b) 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
<b>2019</b>			
<b>Carrying amount at 1 July 2018</b>	<b>156,829,618</b>	<b>802,371</b>	<b>157,631,989</b>
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	-	9,933
Depreciation for the year	(2,690,158)	(170,282)	(2,860,440)
<b>Balance at 30 June 2019</b>	<b>165,450,000</b>	<b>781,306</b>	<b>166,231,306</b>

Notes to the financial statements – continued

9. Property, plant and equipment – continued

Reconciliation to carrying amount	Land and Buildings at fair value	Plant and Equipment at cost	Total Property Plant and Equipment
2020			
Carrying amount at 1 July 2019	165,450,000	781,306	166,231,306
Additions - Asset purchases i	-	205,287	205,287
Additions – Transfers from capital works in progress/Inventory	4,479,332	-	4,479,332
Impairment of land and buildings	(120,833)	-	(120,833)
Disposal of assets	(1,280,000)	(44,715)	(1,324,715)
Revaluation increment ii	137,364		137,364
Write back of accumulated depreciation on disposals	13,382	37,996	51,378
Depreciation for the year	(2,801,934)	(171,594)	(2,973,528)
Balance at 30 June 2020	165,877,311	808,280	166,685,591

- i. Included in Additions – Asset Purchases, is \$9,344, which relates to the net carrying cost of a new playground built at the Gungaharra 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.
- ii. Revaluation increment is on 14 Dargin Crescent, Moncrieff, which was meant to be sold as part of inventory, but was eventually retained as housing stock. A fair value valuation was performed to facilitate a decision by the Board on whether to sell or retain the property as housing stock. When a decision was taken to retain the property, the revalued amount was used as it better reflected the value of the property at the time.

10 Cash and cash equivalents

	2020 \$	2019 \$
Petty cash	500	500
Cash at bank	21,678,557	15,799,804
Total Cash and cash equivalents	21,679,057	15,800,304

11 Trade and other receivables

(a) Current	2020 \$	2019 \$
Trade debtors i	228,146	180,150
Less: Allowance for expected credit losses	(50,000)	(30,000)
	178,146	150,150
GST receivable	273,130	160,958
Insurance Claim receivable	19,757	-
Other debtors ii	79	96,343
Total trade and other receivables	471,112	407,451

- i Trade debtors is comprised of rent and non-rent charges from tenants of \$228,146 (2018-19: \$180,150) of which \$90,892 (2018-19: \$90,892) is considered overdue (30 days +).
- ii. Other debtors for 2018-19 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 for expected credit losses

	2020 \$	2019 \$
Carrying amount at the beginning of year	(30,000)	(30,000)
Reduction in allowance arising from write-off of unrecoverable debt	37,077	57,954
Additional allowance recognised	(57,077)	(57,954)
Carrying amount at the end of the year	(50,000)	(30,000)

Notes to the financial statements – continued

12 Inventory

Current	2020 \$	2019 \$
Available for Sale		
Developments – construction costs i	612,923	606,530
Developments – land i	88,397	379,000
Under construction		
Developments – construction costs ii	20,599,314	6,857,018
Developments – land ii	2,566,731	5,101,198
Total current inventory under construction	23,867,365	12,943,746
Non-current		
Under construction		
Developments – construction costs iii	863,960	2,931,233
Developments – land iii	3,600,800	6,219,602
Total non-current inventory under construction	4,464,760	9,150,835

- i Available for sale refers to 1 house and land package in Downer Stage 1 for 2020 and 2 house and land packages in Moncrieff for 2019, which remained unsold, respectively.
- ii Current developments under construction relate to the Downer Stage 2 project.
- iii Non-current developments under construction relates to the Throsby projects.

13 Other assets

Current	2020 \$	2019 \$
Accrued income i	2,168,867	2,409,015
Prepayments	212,133	183,714
Deposits ii	74,800	-
Total current other assets	2,455,800	2,592,729

- i Relates to NRAS incentives which are acquitted annually to the Department of Social Services on a May to April basis.
- ii Relates to deposits for the purchase of 4 units in Coombs under the Valo development by Cubit Projects Pty Ltd.

14 Capital works in progress

(a) Capital works in progress	2020 \$	2019 \$
IT System Upgrade i	53,492	696,303
New Website ii	73,242	
Developments – land and construction costs ii	521,925	1,825,462
Total Non-current Capital works in progress	648,659	2,521,765

- i The Company is currently undergoing an IT system upgrade, which commenced in 2016-17. Related project costs are capitalised.
- ii. The Company is currently developing a new website which is more interactive and allows for tenants and other interested parties to put in applications and expressions of interest. Related project costs are capitalised.
- iii. This relates to developments on 2 special purpose group homes in Wannassa and Page in 2019-20 and multi-purpose residences in Kambah Stage 2 and Macgregor in 2018-19 respectively, where all developments are for retention as part of the Company's rental portfolio.

(b) Reconciliation of capital works in progress carrying amounts

2019	Developments \$	New Website \$	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



Notes to the financial statements – continued

14 Capital works in progress - continued

2020	Developments \$	New Website \$	IT System Upgrade \$	Total Capital Work in Progress \$
Carrying amount at 1 July 2019	1,825,462	-	696,303	2,521,765
Additions	3,175,795	73,242	341,556	3,590,593
Transfers to property, plant and equipment and intangible assets	(4,479,332)	-	(984,367)	(5,463,699)
Carrying amount at 30 June 2020	521,925	73,242	53,492	648,659

15 Intangible assets

(a) Intangible assets

	2020 \$	2019 \$
At cost	321,268	321,268
Add: Additions – transfers from capital work-in-progress	987,486	-
Less: Accumulated amortisation	(408,539)	(290,019)
Carrying amount at the end of the year	i 900,215	31,249

(b) Reconciliation of the carrying amounts are set out below:

	2020 \$	2019 \$
Carrying amount at the beginning of year	31,249	48,046
Additions	987,486	-
Amortisation	(118,520)	(16,797)
Carrying amount at the end of the year	900,215	31,249 <sup>i</sup>

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

16 Trade and other payables

	2020 \$	2019 \$
Trade creditors	164,538	203,479
Accrued expenses	i 3,492,075	1,266,769
Pay as you go withholding (PAYG) payable to the Australian Taxation Office	37,163	33,670
Total Trade and other payables	3,693,776	1,503,918

i Accrued expenses largely relates to accrued construction costs for the Downer Stage 2 development and includes ACT Audit Office financial statement audit fees.

17 Employee benefits

Current	2020 \$	2019 \$
Annual leave	195,911	138,630
Long service leave	43,886	29,531
Total current employee benefits	239,797	168,161
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 (2019: Nil).

Notes to the financial statements – continued

18 Leases

The Company has the following leases with the respective lease terms:

- Land Rent Lease under the ACT Land Rent Scheme held as part of housing stock (LRHS) – Lease term 90-95 years
- Land Rent Lease under the ACT Land Rent Scheme held as part of development stock (LRDS) – Lease term 2 years
- Office Equipment – 4 years

Right-of-use assets

2020	LRHS \$	LRDS \$	Office Equipment \$	Total \$
Carrying amount at 1 July 2019	6,209,685	264,111	17,333	6,491,129
Less: Accumulated Depreciation	6(e) -	-	(4,334)	(4,334)
Carrying amount at 30 June 2020	6,209,685	264,111	12,999	6,486,795

Lease liabilities and movement

Current	2020 \$
As at 1 July	6,491,129
Add: Accretion of interest on lease liabilities	136,097
Less: Lease payments	(598,972)
As at 30 June	6,028,254

Comprises

Current	598,971
Non-Current	5,429,283
Total lease liabilities	6,028,254

The following are the amounts recognised in statement of comprehensive statement:

	2020 \$
Depreciation of right-of-use assets	4,334
Interest on lease liabilities	136,098
Total amount recognised in statement of comprehensive income	140,432

19 Other provisions

(a) Other Provisions

	2020 \$	2019 \$
Project Retention Provision	i 87,473	32,412

(b) Reconciliation of Provisions

	2020 \$	2019 \$
Balance at the beginning of the year	32,412	210,153
Additions made during the year	124,577	26,573
Reductions due to payments made during the year	(69,516)	(204,314)
Balance at the end of the year	87,473	32,412

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

	2020 \$	2019 \$
Revenue received in advance		
Income received in advance	269,435	223,918
Other	15	2,104
<b>Total other liabilities</b>	<b>269,450</b>	<b>226,022</b>

21 Equity

	2020 \$	2019 \$
<b>Asset revaluation surplus</b>		
<b>Balance at the beginning of the year</b>	<b>80,199,741</b>	<b>69,025,098</b>
<i>Disposals</i>		
- Land and buildings	(850,908)	(553,753)
Total Disposals	(850,908)	(553,753)
<i>Impairment Losses</i>		
- Land and buildings	(120,833)	(280,000)
Total Impairment Losses	(120,833)	(280,000)
<i>Revaluation increments on valuation adjustments of</i>		
- Transferred land and buildings	-	3,335,821
- Non-transferred land and buildings	137,364	3,019,897
- NRAS land and buildings	-	4,296,582
- Land Rent buildings	-	1,356,096
Total revaluation increments on valuation adjustments	137,364	12,008,396
<b>Balance at the end of the year</b>	<b>79,365,364</b>	<b>80,199,741</b>

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

22 Commitments and contingencies

(a) Capital expenditure commitments

At the reporting date, the Company has capital expenditure commitments totalling \$17,140,370 (2019: \$42,690,024). These commitments relate to:

Project	Cost Type	2020 \$	2019 \$
Downer – Stage 1	Construction	-	6,101,103
Downer – Stage 2	Construction	17,067,705	33,330,313
Downer	Design & Consultancy	-	1,192,405
Kambah	Construction	-	2,007,093
Macgregor	Construction	-	59,110
Wanniassa	Construction	72,665	-
<b>Total Capital Expenditure Commitments</b>		<b>17,140,370</b>	<b>42,690,024</b>

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

Notes to the financial statements – continued

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) (Resigned 26 November 2019)	Mr. Andrew Hannan (Chief Executive Officer)
Mr. Paul Green (Chair) (Appointed 4 February 2020)	Ms. Megan Ward (General Manager, Operations)
Ms. Jill Divorty (Deputy Chair) (Appointed 4 February 2020)	Mr. Brent Iggo (Company Secretary)
Ms. Cathi Moore	
Ms. Rebecca Vassarotti (Resigned 21 June 2020)	
Ms. Clare Wall	
Mr. Alan Paul Carmody	
Mr. James Douglas	

(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	2020 \$	2019 \$
Mr. Colin Alexander (Resigned 26 November 2019)	Crace Developments Pty Ltd	4,561	10,950
Mr. Paul Green	Professional Engagement Group Pty Ltd and Lexmerca	7,264	5,000
Ms. Cathi Moore		5,000	5,000
Ms. Rebecca Vassarotti (Resigned 21 June 2020)		5,000	5,000
Ms. Clare Wall		5,000	5,000
Mr. Alan Paul Carmody		5,000	5,000
Ms. Jill Divorty		5,000	5,000
Mr. James Douglas	Real Mastery Consulting	5,000	2,083
Mr. Stephen Seesink, Company Secretary (Resigned August 2018)	Community Housing Industry Association	-	2,308
		<b>41,825</b>	<b>45,341</b>

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

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

	2020 \$	2019 \$
Short-term employment benefits	576,712	499,122
Post-employment benefits (superannuation)	52,287	47,416
<b>Total key management personnel remuneration</b>	<b>628,999</b>	<b>546,538</b>

(d) Other key management personnel transactions with the Company

Investment in Crace Developments Pty Ltd

The Company was represented on the Board of Directors of Crace Developments Pty Ltd by Mr Richard Bear, who resigned on 7 December 2019 and replaced by Mr Andrew Hannan the Company's CEO. 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. There is no conflict of interest arising from this directorship as Mr Colin Alexander has resigned from the Board on 26 November 2019.

The investment in Crace Developmnets Pty Ltd was fully impaired in 2018-19 and the company is currently winding down.



**Notes to the financial statements – continued**

**23 Related parties and related party transactions - continued**

**Lexmerca Lawyers**  
Mr Paul Green joined Lexmerca Lawyers as a consultant in 2019. Legal services were provided to Community Housing Canberra Ltd during the year regarding several development projects totalling \$16,978 (2019: \$6,867).

**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 \$Nil (2019: \$23,130).

**Community Housing Industry Association (CHIA)**  
Mr Seesink was 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 from 2018-19. 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 \$3,162 (2019: \$3,022).

**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 \$2,198 (2019: \$5,112). 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 2020 the number of members was 12 (2019: 15).



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