



Homes for
the community

ANNUAL REPORT
2020/21



**SAFE AND SECURE
HOMES IN STRONG
COMMUNITIES**

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WELCOME

CHC'S 2020/21 ANNUAL REPORT

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

The Annual Report for 2020/21 is a summary of CHC's operations, activities and performance for the year ended 30 June 2021.

Front cover photo provided by an excited HomeGround tenant whose little girl was very excited to finally have her own bedroom in the home shared with her mother.

OUR IMPACT

>1600

CANBERRANS HOUSED TODAY

592

SOCIAL AND AFFORDABLE TENANCIES INCLUDING:

\$3.2m

RENTAL SUBSIDY FUNDED BY CHC THIS YEAR

123

VIA HOMEGROUND REAL ESTATE CANBERRA

24

SPECIALIST DISABILITY HOMES

\$193.8m

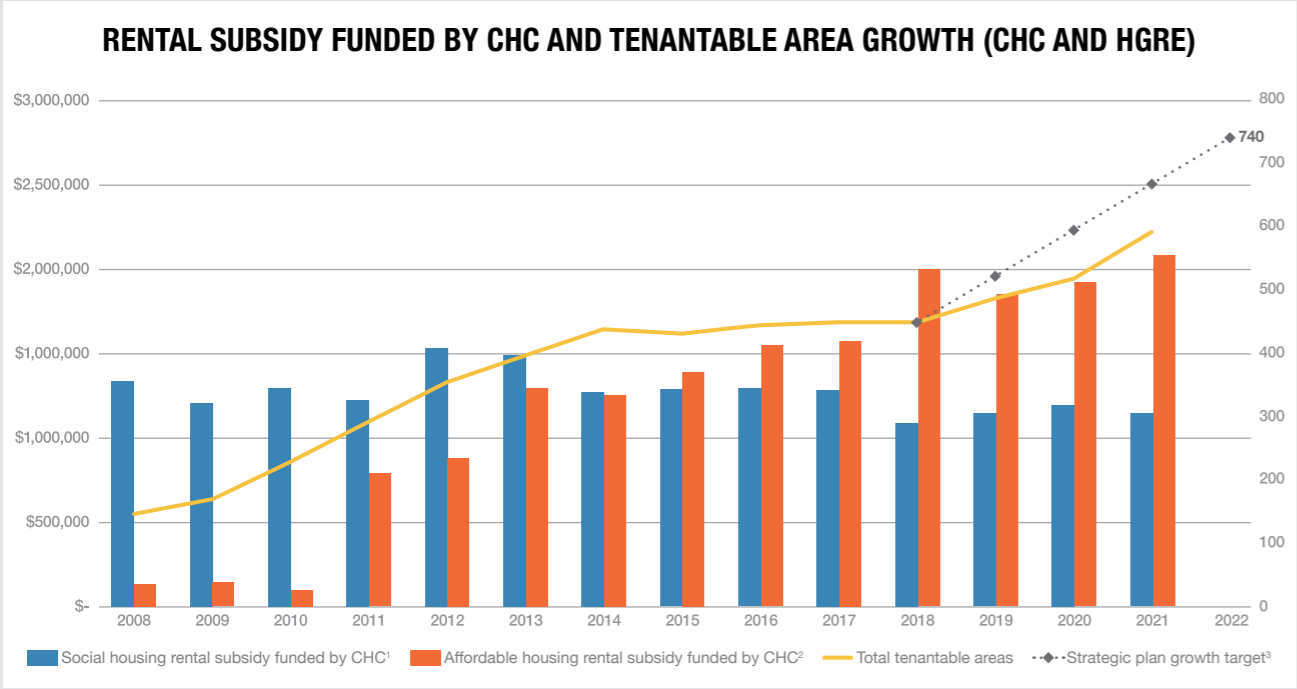
TOTAL EQUITY

\$4.0m

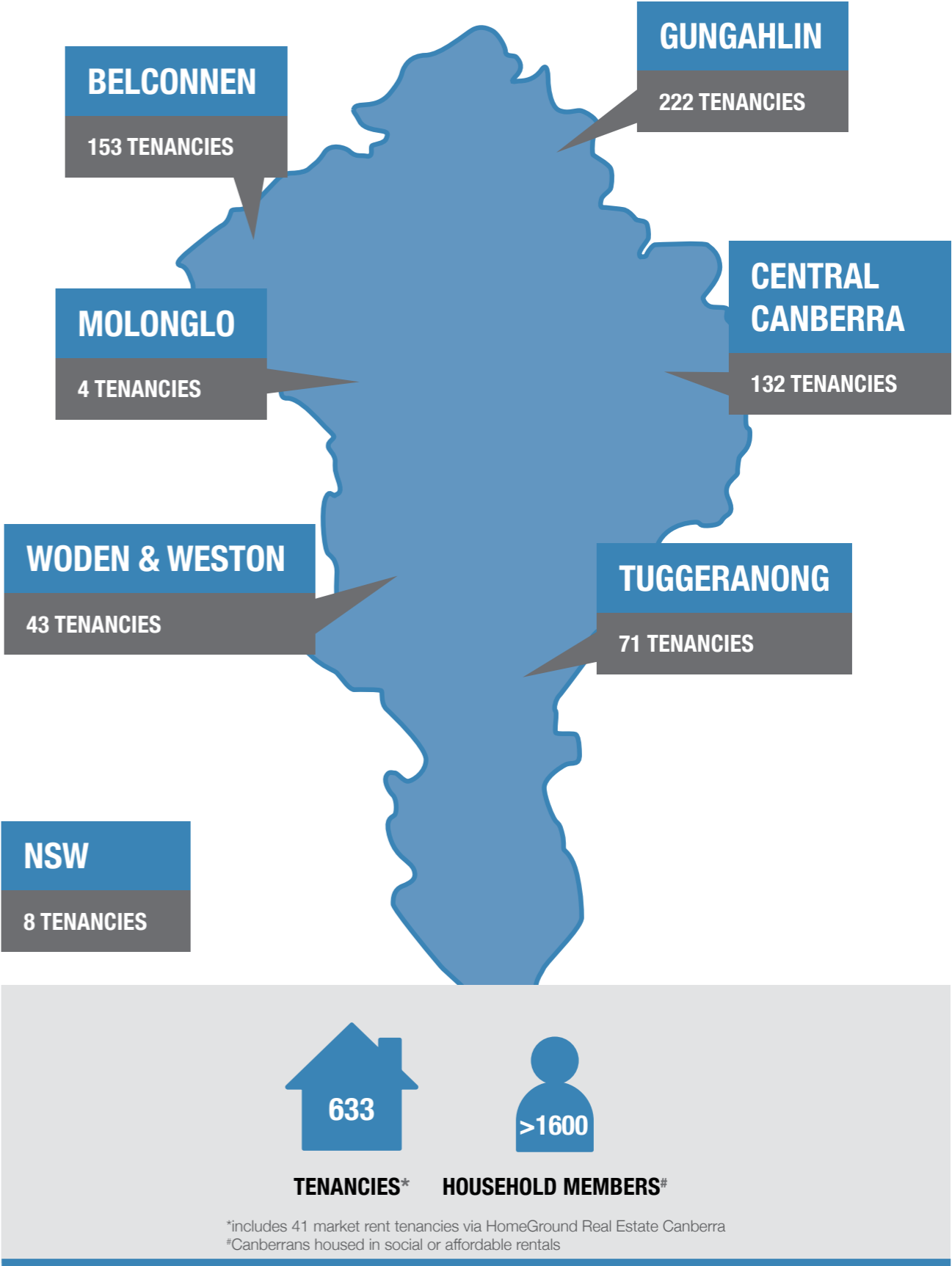
UNDERLYING EBITDA

16

SCHOLARSHIPS AWARDED BY CHC THIS YEAR



¹ Social housing operates on a Rebated Rent Model (25% of household income plus Commonwealth Rent Assistance).
² Affordable housing operates on an Affordable Rent Model (74.9% of market rent).
³ 740 tenantable areas equates to Strategic Plan target to house 2000 Canberrans by end of 2022 (@2.7 Canberrans housed per tenantable area)



OUR VISION, MISSION & VALUES



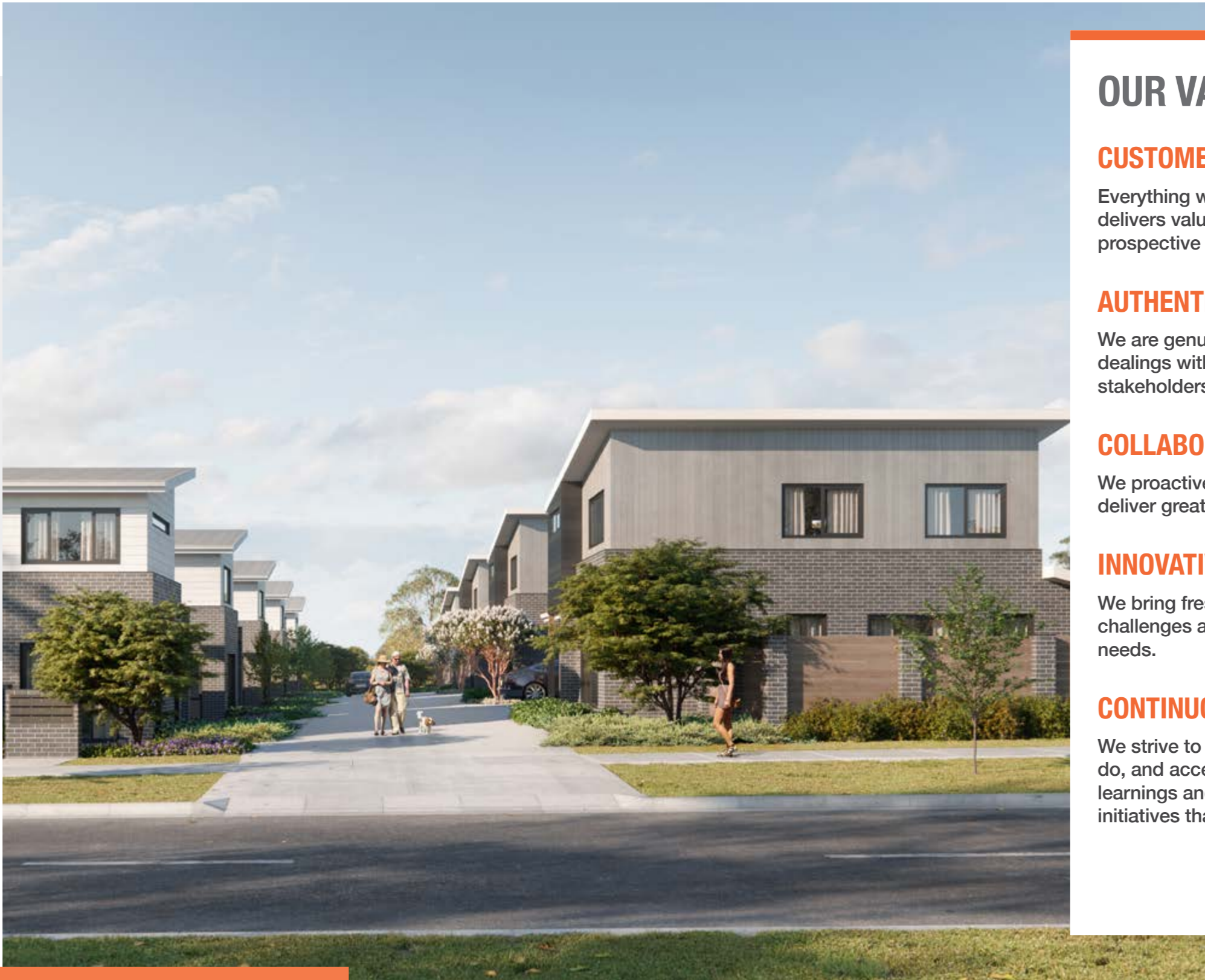
OUR VISION

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.

CHAIR REPORT

HOUSING AFFORDABILITY CRISIS

Notwithstanding the global COVID-19 pandemic, the last year has seen a sharp spike nationally in residential real estate values, carrying through to steep increases in market rents – the ACT has not been immune, and now holds the unenviable position of having the highest median rents for both houses and units out of any major city in the country¹. Demand for social and affordable rental homes provided by community housing providers has increased as a result, with households renting in the private rental market increasingly being pushed into a state of unsustainable housing stress. This impacts health and well-being, the ability to maintain education and employment, and the ability to partake fully in the community. Federal and Territory COVID supports have provided a welcome but temporary buffer for many rental households.

COVID-19 induced demand for community housing is on top of what was already a large and growing shortfall of social and affordable housing within the ACT of over 5000 properties². The Parliamentary and Governing Agreement commitment last year to support delivery of 600 additional affordable rental dwellings over five years, and an associated planning review process linked to these outcomes, is welcome but will only contribute a small fraction of the overall need.

CHC has been actively engaging with the ACT Government on practical and cost-efficient mechanisms proven in other jurisdictions to support delivery of the ACT Government’s target, leveraging Federal Government financing via the National Housing Finance and Investment Corporation (NHFIC). Over \$2B of NHFIC concessional and bullet-style debt finance has been provided over the past three years to the community housing sector in other jurisdictions³. All community housing providers in the ACT can also benefit from such financing, with the right ACT Government policy levers.

CHC remains ready to partner with and co-invest alongside the ACT Government to contribute to delivery of their commitment, which aligns with CHC’s 2018-2022 Strategic Plan to deliver material growth in supply of affordable rental homes, and our vision of providing “safe and secure homes in strong communities”.

¹ Domain Rental Report June 2021, domain.com.au/research/rental-report/june-2021/

² UNSW City Futures Research Centre, Estimating need and costs of social and affordable housing delivery, Dr Laurence Troy, March 2019, cityfutures.adu.unsw.edu.au/research/projects/filling-the-gap/

³ NHFIC Social Bond Report 2020-2021, nhfic.gov.au/media/1772/nhfic-social-bond-report-2021-final_web.pdf

CONTINUED STRONG PERFORMANCE AGAINST PLAN

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

- Grew social and affordable tenancies under management to 592, reflecting a 14% increase;
- Increased the supply of social and affordable tenancies under management by HomeGround Real Estate Canberra to 123, reflecting an 86% increase;
- Completed construction and settled the second stage of the Downer development, comprising 123 apartments with six sales being at prices below the ACT Government affordable housing price threshold, and ten apartments retained by CHC as affordable rentals;
- Completed construction of a specialist disability home in Wanniasa which was retained by CHC and is now fully tenanted with residents with physical support needs;
- Substantially progressed construction of 47 townhouses in Throsby, providing 27 affordable home purchase opportunities (fully sold), two townhouses to be retained by CHC as affordable rentals, and 18 market sales (fully sold);
- Secured The Big Issue’s “Homes for Homes” grant of \$100,000 to support the design and construction of a secondary residence in Holt, which is to be retained and managed by CHC as a social rental targeting women exiting the justice system; and,
- Was announced as an ACT Finalist in the 2021 Property Council of Australia annual awards for the Wanniasa specialist disability home development in the “Special Purpose / Adaptable” category.

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

- Increased CHC’s provision of a direct rental subsidy to lower income Canberran households to \$3.2m;

- Maintained a positive underlying net surplus and positive underlying cash flow for the third year running, enabled by effective cost control measures and sound portfolio management, whilst absorbing a close to \$500k loss of Commonwealth Government’s National Rental Affordability Scheme (NRAS) income; and,
- Grew Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) to \$14.2m, and Net Surplus to \$10.9m, driven by the Downer development.

POISED FOR GROWTH POST-DEBT RESTRUCTURE

CHC has been impeded from delivering major growth in supply of social and affordable rentals in recent years because of the following:

- CHC’s capital structure, specifically due to the scale of the \$3.5m per year principal loan repayment obligation to the ACT Government that commenced in 2018 (approximately 40% of current rental revenue); and,
- Roll-off of the Commonwealth Government’s National Rental Affordability Scheme (NRAS), which will result in the progressive loss of NRAS income of over \$1.5m per year (approximately 15% of current total rental revenue) over the next three years, with CHC having already absorbed the impact of a cumulative loss of NRAS income of almost \$1m over the last two years.

However, after several years of engagement with ACT Treasury and in a welcome sign the ACT Government signalled in the FY22 budget papers an intention to support a CHC debt restructure, via a Sale and Long-Term Management Agreement. If mutually agreeable terms can be negotiated CHC will be well positioned to play a lead role in the delivery of the ACT Government’s affordable rental commitments, and CHC’s own strategic plan, through major new affordable Build-To-Rent development projects, and other commercial programs.

In anticipation of successful implementation of a debt restructure that materially improves CHC’s underlying cashflows, CHC has a series of large-scale development prospects in train, with memorandums of understanding having been entered into during the year with potential partner landholders. If progressed, and with the right ACT Government policy levers, CHC alongside its community and commercial organisation partners would collectively deliver a significant proportion of the ACT Government commitment.

CHC continues to look forward to building on historical partnerships with the ACT Government, and associated entities, which saw 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 persistence and resilience through COVID-19 in delivery on our vision and mission.

It has been an absolute pleasure to work with you all.

Thank you to our tenant community who are at the core of all we do, and to the many partners who support us.

Paul Green
Chair



CEO REPORT

STAFF RESILIENCE WHILST DELIVERING FOR OUR TENANTS

Staff have demonstrated strong commitment and flexibility this year to ensure continued delivery of our core business, the delivery of housing and related services to tenants, despite the impacts of the COVID-19 pandemic.

In a year that featured months of working remotely, then split work shifts in the office, and then an almost return to “normal” to close out the year, focus was maintained on tenant well-being. For tenants whose income was significantly impacted due to COVID, CHC’s hardship policy was quickly implemented to minimise financial stress for tenants whilst they sought new employment.

Staff well-being programs, regular engagement, and periodic all-staff virtual meetings helped keep staff supported in our operational delivery, and the right technology choices made in prior years helped make this possible.

DELIVERY AGAINST STRATEGIC PLAN

Performance results against the strategic goals and targets is as follows:

1. **Financially sustainable business model** – to achieve positive underlying net surplus and cash flow by 2020.
 - Maintained positive underlying net surplus (\$277k compared with prior year \$358k) and underlying normalised cash flow (\$1.1m compared to prior year \$950k) for the third year in a row; and,
 - Maintained underlying EBITDA of \$4m (prior year \$4m).

Enablers include strong Downer Stage 2 financial performance enabling net debt reduction, strict focus on value-accretive growth, and operational excellence.

2. **Outstanding tenant experience** – top quartile tenant satisfaction.
 - Overall tenant satisfaction remains at 81%, and in the top quartile, with the next biennial survey in February next year.

3. **Increased impact** – 2000 Canberrans housed by 2022 in appropriate, safe and secure homes, with \$30m direct rental subsidy to tenants by 2022.
 - 14% increase in affordable tenancies under management to 592, corresponding to over 1600 residents; and,
 - Delivery of fully self-funded \$3.2m direct rental subsidy to tenants (on par with prior year) taking total cumulative rental subsidy fully funded by CHC since inception to \$34.8m, exceeding the strategic target.

Enablers include retention of apartments from the Downer Stage 2 development, off-the-plan purchase of townhouses in Coombs, and major growth in HomeGround Real Estate Canberra affordable rental tenancies.

Continued achievement of a long-term financially sustainable business model, and delivery of our impact target, hinges upon negotiating a debt restructure with the ACT Government on terms acceptable to CHC in the near future.

Work is well advanced in preparation of a new strategic plan for CHC that will guide the business through a major growth phase post-FY22.

SECTOR POLICY DEVELOPMENT AND ADVOCACY

CHC is an advocate for the need for Government investment at all levels, alongside investment by community housing providers, to support the growth in supply of social and affordable rentals needed to meet a growing demand. CHC supports the necessary evidence base and policy development work that underpins advocacy, via active involvement in the work of industry bodies, including:

- The Community Housing Industry Association (CHIA) and ACT Regional Committee,
- PowerHousing Australia,
- The Property Council of Australia (PCA) and ACT division,
- The Masters Builders Association of Australia (MBA) and ACT division,
- The Australian Council of Social Services and ACT division,
- National Shelter and ACT division, and
- The Specialist Disability Accommodation (SDA) Alliance.

For the year I held positions of Chair of CHIA, Chair of CHIA ACT Regional Committee, Member of PCA ACT Social Sustainability Committee, as well as Member of ACT Minister for Housing’s Consultative Committee.

GROWTH PARTNERSHIPS

During the year CHC entered into Memorandums of Understanding with several non-Government organisations that own sites suited for multi-unit social and affordable rental development. Due diligence is underway. Projects on these sites could bring a \$100m+ economic injection into the ACT, could provide hundreds of jobs, could deliver CHC’s impact target, and could over 25% of the ACT Government’s target of 600 affordable rentals.

CHC’s ability to reach financial close on these deals is impeded by:

- Delays to bringing to a conclusion an acceptable debt restructure of existing facilities with the ACT Government (post-reporting period, a positive sign has been the inclusion of this as a commitment in the FY22 ACT Government budget);
- Uncertainty relating to the ACT Government’s plan to facilitate delivery of the Parliamentary and Governing Agreement affordable rental targets, including policy or legislation changes to enable right-sized subsidies to be provided to community housing providers for delivering on the Government’s objectives, such as:
 - land transfers, land price concessions or co-investment mechanisms;
 - lease deconcessionalisation and lease variation fee exemptions;
 - “supportive housing” definition broadening to enable social and affordable rental development on suitable Community Facility Zone sites, or suitable sites where a “supportive housing” lease purpose clause restriction applies; and,
 - rates exemptions for social and affordable rental properties owned by community housing providers.

CHC is also actively engaging other commercial parties that may have an aligned interest in growing supply of affordable rental stock, and may be attracted to the ATO tax concessions and ACT land tax exemptions possible through partnering with CHC as a fee-for-service manager or head lessee.

APPRECIATION

Thanks to our tenant community for your contribution to CHC and input to all of our tenant programs and activities.

Thanks also to our many long-term partners and contractors that support delivery against our mission, and to our new prospective development and finance partners that we hope to commence enduring relationships with in the coming year.

A big thanks to the leadership team and staff for again delivering a fantastic performance across the board, despite the complications and impacts of COVID that you have all taken in your stride. A special thank you to tenancy and maintenance staff, who lead the face-to-face interaction with our tenant community.

Finally, thanks to Paul Green, Chair, and the Board of Directors, for your clear direction, insights, and support of management and staff in our day-to-day operations.

Andrew Hannan
Chief Executive Officer



CORPORATE GOVERNANCE & RISK MANAGEMENT

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

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 provides 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 members of our community on low-moderate incomes.

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.

We welcome Ms Alice Tay to the Board, having ben appointed a Director in July this year. Alice brings a wealth of experience from a professional background in commercial law, plus significant expertise gained as a Director on numerous Boards spanning corporate, charitable and community organisations.



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



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



Cathi Moore AM BA (Social Science) - Director, Member Audit and Risk Committee, Member Community Committee



Paul Carmody BA (Admin) - Director, Member Development Committee



Clare Wall B Ec, Dip Rec. Pl, M Pub Pol - Director, Member Community Committee, Member Development Committee



Jim Douglas AVI, Certified Practising Valuer, Licensed Real Estate, Business, Strata & Stock & Station Agent - Director, Member Community Committee



Alice Tay Graduate, Australian Institute of Company Directors, Fellow, Governance Institute of Australia LLB Sydney University - Director, Member Audit and Risk Committee

Additional information about our Directors can be found on [page 35](#) 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/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 is made up of three Directors and an independent member from the ACT Government.

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 successful completion of The Bradfield development in Downer, and the commencement of projects in Throsby and Page.

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. These financial statements are published in full within CHC's Annual Report. An additional external agency conducts audits on both the ACT and NSW HomeGround Real Estate Canberra Trust Accounts.



OUR STAFF

Our staff have been resilient in adapting to delivering our core business whilst working for large periods remote from the office.

Our staff returned to working from the office following the 2020 COVID-19 lockdown on the 10th of August 2020, after having successfully operated remotely for over four months with continued delivery of services to tenants. To protect the health of staff and customers, the office opened for 4 days per week (closed Wednesdays for cleaning) and the employees attended on a two-team rostering system that allowed employees to attend duty in the office 2 days per week and remotely for the other three. These arrangements were phased out in line with the relaxation of ACT Government restrictions, with the staff returning full time, five days per week from 1 February 2021.

The leadership team embraced the opportunity to leverage lessons learned through the period of remote operations to expand the suite of flexible work arrangements that could be offered to all staff on an ongoing basis. Staff were invited to participate in the consultation around what could be offered, and agreements were struck between employees and managers on a case-by-case basis.

The lessons of 2020 also prepared staff well to again navigate the complexities of ensuring service delivery during the current August - October 2021 lockdown period. Staff continue to maintain high levels of service for our tenants, partners, and contractors. The leadership team and employees have implemented processes and practices to ensure staff are able to work effectively remotely and maintain continuity within teams.

Despite the challenges of COVID-19 we have as far as possible maintained staff management and engagement processes to ensure CHC continues to be in a position to provide outstanding service to our clients. We have maintained a robust training calendar that is directly linked to agreed individual staff development plans as well as an all-staff training session around bullying and harassment. Training opportunities provided were diverse ranging from compulsory Continuing Professional Development training to Mental Health First Aid and Governance and Risk. All staff continue to be engaged as part of the performance management program that ensures each staff member is provided with regular feedback and opportunities to develop.

We also maintain training and development programs so that our team may advance in both their personal and professional lives.

Maintaining staff wellbeing and satisfaction is very important to CHC and staff have access to external wellbeing services including access to wellbeing programs being run through our partner organisation PowerHousing 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. To try and ensure our staff have a voice we have periodically circulated staff surveys inviting feedback and suggestions on how we can do our work better.

We are thankful to our staff and the contribution they make to CHC every day, particularly through the challenges the pandemic has presented.

The CHC & HomeGround Team



HOMEGROUND CONTINUES TO GROW

HomeGround Real Estate Canberra continues to experience significant portfolio growth despite the challenges that faced the private rental market in 2020/21. With housing prices skyrocketing post the initial pandemic lock-down, many Canberra landlords sold their investment rental properties.

In line with CHC's strategy to grow impact in our community, HomeGround made major inroads to this goal with portfolio growth, gaining 69 new rental properties, losing 14, with a net gain of 56 equating to a 33.3% net increase to HomeGround's rental portfolio.

Portfolio growth continues to be contributed by being an innovative and inclusive agency. HomeGround has a diverse portfolio encompassing group share housing, housing for those living with mental illness and disability as well as affordable and traditional market rent tenancies.

This innovative approach led to HomeGround securing the management of 42 one bedroom units in the Rahula Lodge accommodation facility within the Buddhist Temple at Lyneham.

Prior to our agreement half of the lodge was managed by another agency and the balance was managed by the temple itself, with outdated practices such as cash payments, outdated occupancy agreements and hand written receipts. The result was not only growth to our agency's portfolio, but a significant improvement for the residents and landlord of Rahula who are now protected with valid lease agreements, secure payment methods and accounting.

This financial year also marked a significant milestone for HomeGround Real Estate Canberra. After operating solely with the hybrid Business Development Manager/Property Manager/Accounts role since we launched in 2019 and throughout the infancy stages of the agency, the team grew to include a Property/Strata Manager and a Finance team member. The plan was always to allow for business growth and to ensure that business operations and systems were developed before onboarding new staff.

By adding to our staff count we now have sufficient resources to further grow the business and our impact whilst still delivering outstanding service to our clients and perform the necessary administrative duties. As at 30 September 2021 HomeGround has under management 178 private rental properties, including 123 social or affordable rental tenancies, housing 240 residents.

We are proud of what HomeGround Real Estate Canberra has been able to achieve since it launched and we look forward to watching the agency continue to grow under the helm of Business Development Manager, Maria Edwards.

For more information about HomeGround Canberra, contact Maria Edwards via email maria@homegroundcanberra.com.au or visit www.homegroundrealestatecanberra.com.au



Jesika and Maria from the HomeGround team



Rahula Lodge



HomeGround
Real Estate Canberra

Proudly supported by



MEET MARIA

Maria Edwards started her journey with CHC when she was recruited to launch and grow HomeGround Real Estate Canberra in 2019. Since the launch, HomeGround has experienced significant growth with Maria at the helm of the unique philanthropic agency.

Originally from a small town in Central Western NSW, Maria moved to Canberra in 2000 with her husband and three young children and commenced her career in real estate once the family was settled. Starting out as a property manager, she progressed into business development and then a sales position for a large franchise. After 15 years of working in the traditional, commercially focused, real estate world and witnessing the genuine struggles of everyday tenants trying to secure affordable accommodation, the opportunity to transition into the not-for-profit model offered both an appealing new challenge and the opportunity to make a difference.

“The most unique and rewarding part of working in HomeGround Real Estate Canberra is definitely the people, not only do I get to see the lives of tenants improve but many of our landlords have also found letting their property through HomeGround to be very rewarding.”

Maria believes the success of the agency comes down to shared values between Homeground landlords and their tenants, especially when our community has been presented with lots of challenges from the pandemic.

“It’s very much about mutual respect and appreciation – our landlords in the Land Tax Exemption program particularly acknowledge the shortage of affordable rental properties available in the ACT for single income families, older people, students and essential workers and want to help. The tenants are so grateful for the opportunity and repay the landlords’ generosity in the way they look after their properties and always pay their rent on time.”

In the office of CHC and HomeGround the stories that Maria shares of her tenants and landlords melt the hearts of her colleagues. The front cover of this report is a picture shared by one of Maria’s tenants of her little girl standing outside their new apartment. They had been sharing one room in their grandparents home whilst the mum was completing nursing studies - the private rental market was not affordable for them. It was time for them to find their own place and for the little girl to have her own bedroom and to establish their independence. A landlord Lynne, purchased an apartment with the intent to help out a family living on a low to moderate income. She left the bow on the door as a special surprise for the young family after learning the little girl was so excited to move in.

“I wanted to get involved in an affordable housing scheme; affordable living options are really important, particularly at the moment and many out there are struggling ... What drew me to HomeGround in the end was the wonderful service, the breadth of information and knowledge that Maria shared and how responsive the agency is. I purchased the house as both an investment but also to help someone out. I couldn’t be happier with my choice! Maria shared with me the image of the little girl moving into the property and it is just joyous.” - Lynne, landlord.

Affordable tenants through HomeGround come from a wide range of backgrounds and circumstances, they share the common bond of just needing some temporary assistance to progress to a more financially secure future. Like a Ukrainian family that had been separated for eighteen months due to COVID-19 travel restrictions – the husband, a qualified accountant in his home country, works in construction whilst studying to have his degree recognised here. His family arrived from quarantine in Darwin two days after we were able to offer him an affordable home in O’Connor so that they wouldn’t have to live in his rented one bedroom apartment. The husband had tears in his eyes when he collected the keys, knowing his family would be reunited and have a safe and comfortable place for his wife and two young children to start their life in Canberra after the trauma of being apart for so long.

Maria is proud of what HomeGround Real Estate Canberra has been able to achieve since launching in 2019 with zero properties and the sole employee under the agency. Today the agency includes two more additional staff with the team set to continue to grow with the business. Looking to the future, Maria has a goal to increase the profile of HomeGround Canberra in the ACT & surrounds and grow the social impact delivered in partnership with landlords, through increased affordable rental property supply.

“I want everyone to be talking about us and the great work we do in both the affordable and market rent spaces. I would like to destigmatise the affordable housing sector for private landlords and advocate for more Government support for those landlords that support us in our mission.”



Maria Edwards



Maria with her family

COMMUNITY DEVELOPMENT

The Community Development Program is a core service of CHC. The program aims to deliver practical programs and community engagement events to deliver an outstanding tenant experience as outlined in our strategic direction.

The program is designed to facilitate opportunities, for both CHC and HomeGround Real Estate Canberra tenants that foster and support education, employment, social inclusion and community engagement.

KEN HORSHAM SCHOLARSHIP 2021

In December 2020, CHC opened applications for the Ken Horsham Scholarship for the 4th consecutive year. The scholarship is designed to assist tenants to achieve and progress with their study goals. The late Ken Horsham was a founding director of CHC and served on the CHC Board of Directors from 1998 onwards, including the role of Chair of the Board.

This year, CHC received the highest responses and awarded sixteen scholarships. Three tenants were from HomeGround Real Estate Canberra and thirteen tenants from CHC. Each recipient received small scholarships up to the value of \$1000 to support them on their study journeys. This year the scholarship funding provided laptops, course fees and assisted with childcare fees.

Andrew Hannan along with Ken Horsham's wife, Mary Horsham and Clare Wall (CHC Director) presented the scholarships this year.

CHC would also like to recognise tenants, Kai, Akol, Iqbal, Allyn, Patrick, Teenesha, John, Mike, Greta, Madeleine, Jamila, Melissa, Sandra, Emily, Brenton and Lucy who were all recipients in 2021.

TENANT ASPIRATIONS

The youngest recipient this year was 18 year old Kai who is undertaking his first year apprenticeship in carpentry with the MBA. Kai is from a single parent family and money has been particularly tight for him, working reduced shifts due to COVID-19 and not qualifying for job keeper. Kai received \$1000 towards tools and equipment. CHC look forward to following Kai on his journey towards becoming a qualified carpenter one day.

“CHC has made a massive difference in my life and thank you again with much appreciation.” – Allyn



Recipients of the Ken Horsham Scholarship



SOCIAL INCLUSION

A meet and greet BBQ was hosted at the newly built SDA unit complex, The Ash, in Kambah which was a great opportunity for tenants, their families and support agencies to make new connections with the staff of CHC and one another.

CHC hosted a boy's night which saw twenty male tenants including three young boys enjoy a fun evening of bowls, dinner and refreshments. We were delighted to welcome our tenants from Hartley Care.

“Thank you for putting on the bowls night and dinner last night. It was a really fun night and everyone enjoyed themselves.” – Norm, HomeGround Canberra



TRAINING

CHC partnered with Autoco, who provide workshops that are designed to ensure that driver's feel empowered when it comes to understanding their vehicle. Focused on three key components: checking your tyres, getting under the hood, and being prepared for dark and wet conditions, Autoco provided a fun, practical and engaging workshop that was very well received amongst the participants.

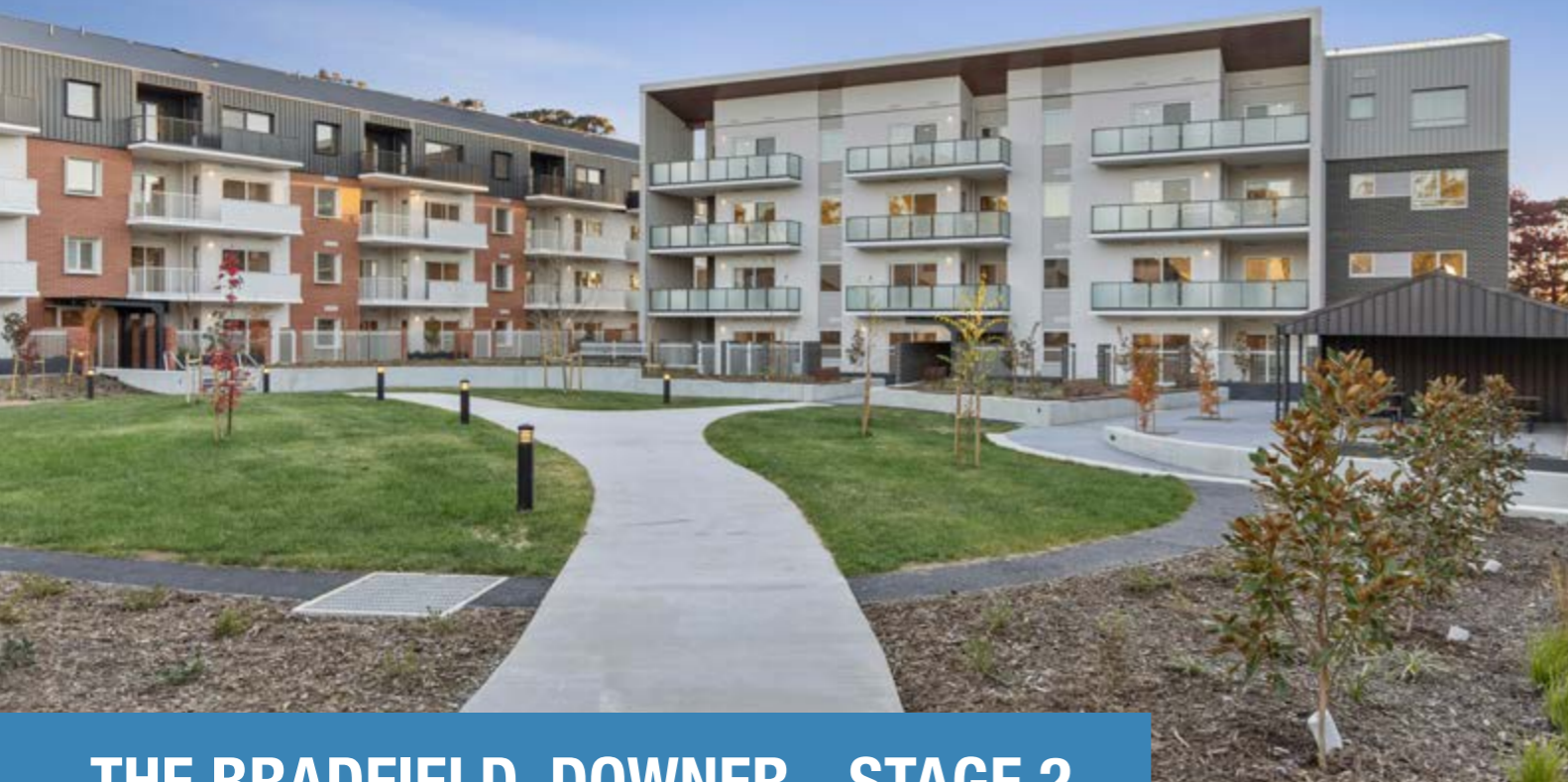
“This has been a great workshop to attend. Excellent info about car and basic techniques to fix my car problems.” – Robert, CHC



A free energy efficiency information night was provided in partnership with St Vincent de Paul. Tenants were provided with information about efficient methods to heat homes in winter, what appliances are the most expensive to operate and simple ideas on how to reduce heating costs in the home. Tenants were also offered the opportunity to have a free home energy assessment with an ACT Smart Energy Expert in their home.



OUR DEVELOPMENTS



THE BRADFIELD, DOWNER - STAGE 2



CHC has completed construction on Stage 2 of “The Bradfield” development.

Stage 2 consists of 123 one, two and three bedroom apartments across three buildings with an underground residents’ car park.

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 and cooling, double-glazed windows and sliding doors, bespoke kitchen joinery with stone bench tops, externally ducted range hoods, full height tiling to bathrooms, wall hung bathroom vanities to name a few.

The Downer development offers an 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 was completed in March this year, completing construction on “The Bradfield” entirely, and all units have settled.

10 units were retained by CHC for its rental portfolio and there were six affordable sales under the ACT Government Affordable Housing Price Threshold of \$320,000.

Development returns are being reinvested to grow social and affordable rental supply through future projects.

KEY FEATURES

- ✓ Spacious bedrooms
- ✓ Large courtyards
- ✓ Large balconies
- ✓ Double-glazed windows
- ✓ Bespoke kitchen joinery
- ✓ Stone bench tops



OUR DEVELOPMENTS

THE BRADFIELD, DOWNER - STAGE 2



OUR DEVELOPMENTS

SDA GROUP HOMES



WANNIASSA

CHC and Renaissance Building & Design entered the recently completed Specialist Disability Accommodation home (SDA home) in Wanniasa, ACT for the MBA awards. The project was nominated under the “Special Purpose/Adaptable Dwelling” category. The Wanniasa SDA home has made it to the finalist list, with the winner to be announced soon.

The Wanniasa SDA home was completed in the 2019-20 financial year and registered under the SDA “Improved Liveability” framework. This home complements and blends in with the existing residential neighbourhood, provides a single level fully accessible and inclusive home with spacious and private accommodation for five residents, as well as providing expansive common living areas and facilities.

For this home, maximising energy efficiency and environmental sustainability was a high priority with regard to siting, energy rating and the use of efficient electric appliances and building materials.

The completed home has been extremely well received by all residents and will remain part of CHC’s SDA property portfolio.

**Finalist in the MBA Awards
for Special Purpose/
Adaptable Dwelling
(winner to be announced)**



PAGE

In 2020, CHC entered a proposal to the The Big Issue’s Homes for Homes Community Housing Grant for people living with intellectual disability. Upon winning this grant, CHC demolished an existing three bedroom home in Page to make way for this five bedroom ensuite project. The Page home was designed as an accessible home, to the Specialised Disability Accommodation (SDA) improved liveability design guidelines.

The main features of this group home is the five spacious bedrooms with integrated sitting area and ensuites, spacious living and dining area, laundry and an adaptable kitchen. Other features include reverse cycle heating and cooling, large windows and sliding doors, externally ducted range hoods, full height tiling to bathrooms, wall hung bathroom vanities and extensive on-site car accommodation/parking. Upon completion, this home will deliver four social, affordable tenancies with one carer’s room.

Construction on the Page home commenced early in 2020 and is on its way to completion later in 2021. Upon completion, this home will be retained by CHC.



OUR DEVELOPMENTS



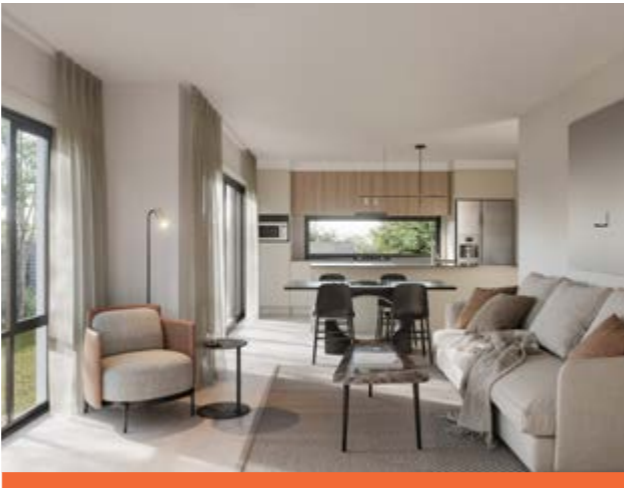
ACACIA

CHC commenced construction on the Acacia market sale development in 2020. At the time of commencement more than 60% of the project had been sold. Acacia is a boutique collection of 18 four-bedroom family town houses spread over two blocks, located in the sought-after suburb of 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 including dual-zoned heating and cooling, a 20mm Quantum Quartz stone benchtop in the kitchen, Fisher & Paykel 600mm appliance package with gas cooktop and externally ducted range hood create a feeling of luxury and liveability. A range of floorplans provide an optional master bedroom with ensuite and walk-in-robe on the ground floor or first floor. Across all floorplans, upstairs there are three generous bedrooms with built-in robes, main bathroom and separate study space. Each home has full height tiling in the main bathroom and ensuites, floor tiles to the main living areas and carpet to the stairs and bedrooms.

In addition to the private, landscaped courtyard, Acacia is located minutes from Throsby Playground, Hilltop Park, Mulligans Flat Nature Reserve and Goorooyarroo Nature Reserve.

Construction on the Acacia project commenced is expected to complete late 2021. All townhouses at Acacia have now been sold.



THROSBY 29

LAND RENT PROJECT

CHC commenced construction on the Throsby 29 Land Rent project which delivers 27 three bedroom and two four bedroom townhouses located in the sought-after suburb of Throsby. Located in close proximity to Gungahlin Town Centre, Forde Shopping Centre, public and private primary and secondary schools, child care centres including Wonderschool Early Learning Centre Throsby, the future Football HQ and Learning Centre and abundant reserve and parkland, Throsby 29 is an enviable address.

The development delivers a total of 29 townhouses out of which two have been retained by CHC as affordable rentals while the rest have been sold to eligible first home buyers under the ACT Government's Land Rent scheme. 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.

Townhouses in the development feature open plan living and dining areas which 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.

Construction on the Throsby 29 project commenced in January 2021 with completion expected in January 2022. The development has been sold out with most of the properties purchased by 1st home buyers. The development was also eligible for the ACT Government's Home Builder Grant of \$25,000.00.

OUR DEVELOPMENT HISTORY

VILLAGE VUE, GUNGAHLIN
Development cost: >\$3m **Land:** Purchased from Land Development Agency **Impact:** 28 dwellings developed; 2 provided for public housing, 4 retained as affordable rentals, 22 sold on open market.



MIRELLA APARTMENTS, GUNGAHLIN
Development cost: >\$5m **Land:** Purchased from Land Development Agency **Impact:** 19 dwellings developed and sold as affordable purchase opportunities.



FREESTYLE APARTMENTS, HOLT
Development cost: >\$4m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy **ACT subsidy:** 24 dwellings developed and retained as affordable rentals.



EDGE, FRANKLIN
Development cost: >\$21m **Land:** Purchased from Land Development Agency **Federal subsidy:** Social Housing Nation Building Scheme fully funded development **ACT subsidy:** Community Services Directorate contribution of land **Impact:** 9 dwellings developed and transferred to CHC as social rentals.



BRADDON JOINT VENTURE
Development cost: >\$1m **Development partner:** Community Services Directorate **Land:** Community Services Directorate **Federal subsidy:** Social Housing Nation Building Scheme fully funded development **ACT subsidy:** Community Services Directorate contribution of land **Impact:** 9 dwellings developed and transferred to CHC as social rentals.



GRACE JOINT VENTURE
Development cost: >\$15m **Development partners:** Land Development Agency, Defence Housing Authority, Tatebrook **Land:** Purchased from Land Development Agency **Impact:** 56 dwellings developed and retained as affordable rentals.



ECLIPSE, BRUCE
Development cost: >\$52m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy **ACT subsidy:** Community Services Directorate \$2.4m capital grant **Impact:** 240 dwellings developed; 20 retained as affordable rentals, 59 sold to third-party investors as affordable rentals, 70 sold as affordable purchase opportunities, 91 sold on open market.



MCKELLAR DISABILITY GROUP HOME
Development cost: >\$500k **Land:** CHC knockdown/rebuild **Impact:** 1 group home developed and retained as social rental.



LAWSON
Development cost: >\$3m **Land:** Purchased from Land Development Agency **ACT subsidy:** Land Rent Scheme **Impact:** 15 dwellings developed; 9 retained as affordable rentals, 6 sold as affordable purchase opportunities.



KAMBAH
Development cost: >\$2m **Land:** Purchased from Land Development Agency **Impact:** 3 dwellings developed and retained as social rentals.



MACGREGOR SPECIAL DISABILITY ACCOMMODATION SDA
Development cost: >\$500k **Land:** CHC knockdown/rebuild **Impact:** 2 dwellings developed and retained as specialist disability accommodation.



THE BRADFIELD, STAGE 1, DOWNER
Development cost: >\$14m **Land:** Purchased from Land Development Agency **Impact:** 37 dwellings developed and sold on open market.



THE BRADFIELD, STAGE 2, DOWNER
Development cost: >\$40m **Land:** Purchased from Land Development Agency **Impact:** 123 dwellings developed; 10 retained as affordable rentals, 6 sold as affordable purchase opportunities, and 107 sold on open market.



2001

2004

2006

2009

2010

2011

2012

2013

2016

2018

2019

2020

2021

CITY EDGE JOINT VENTURE, O'CONNOR
Development cost: >\$10m **Development partner:** CIC Pendon Pty Ltd (50%) **Land:** Purchased from Land Development Agency **Impact:** 126 dwellings developed; 15 provided for public housing, 15 retained as affordable rentals, 96 sold on open market.



ABBNEYFIELD DISABILITY, CURTIN
Development cost: >\$1m **Development partners:** Abbeyfield Disability and Department of Disability, Housing and Community Services **Land:** Owned by Department of Disability, Housing and Community Services **ACT subsidy:** Project fully funded by Department of Disability, Housing and Community Services **Impact:** 10 supported disability dwellings developed and transferred upon completion to Abbeyfield Disability.



HOLT
Development cost: >\$1m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy **Impact:** 8 dwellings developed and retained as affordable rentals.



GROUP HOMES, VARIOUS SUBURBS (FROM 2006-2009)
Development cost: >\$1m **Land:** CHC knockdown/rebuild **Impact:** 8 dwellings redeveloped and retained as affordable rentals.



FRANKLIN
Development cost: >\$1m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy **ACT subsidy:** Land Rent Scheme **Impact:** 4 dwellings developed and retained as affordable rentals.



GRACE @ FORDE
Development cost: >\$3m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy **Impact:** 20 dwellings developed and retained as affordable rentals.



GUNGADERRA 29, HARRISON
Development cost: >\$5m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy and Social Housing Nation Building Stimulus Grant \$8m **ACT subsidy:** Community Services Directorate contribution of \$1m **Impact:** 29 dwellings developed; 13 retained as social rentals, 16 retained as affordable rentals.



BONNER
Development cost: >\$16m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy **ACT subsidy:** Land Rent Scheme **Impact:** 77 dwellings developed and retained as affordable rentals.



SYMPHONY PARK, STAGE 1, HARRISON
Development cost: >\$8m **Land:** Purchased from Land Development Agency **Federal subsidy:** Housing Affordability Fund Capital Grant \$2m **Impact:** 32 dwellings developed and sold on open market.



JACKA
Development cost: >\$3m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy **ACT subsidy:** Land Rent Scheme **Impact:** 14 dwellings developed and retained as affordable rentals.



APPRENTICE HOUSE, LYONS
Development cost: >\$500k **Development partner:** Apprentice House Association Inc. **Land:** CHC knockdown/rebuild **Impact:** 1 group home developed and retained as social rental for apprentices.



SYMPHONY PARK, STAGES 2 & 3, HARRISON
Development cost: >\$40m **Land:** Purchased from Land Development Agency **Federal subsidy:** NRAS 10 year operating subsidy **Impact:** 190 dwellings developed; 3 retained as affordable rentals, 118 sold as affordable purchase opportunities targeting first home buyers, 69 sold on open market.



THROSBY 10, THROSBY
Development cost: >\$2.5m **Land:** Purchased from Land Development Agency **ACT subsidy:** Land Rent Scheme **Impact:** 10 dwellings developed and sold as affordable purchase opportunities.



MONCRIEFF
Development cost: >\$8m **Land:** Purchased from Land Development Agency **ACT subsidy:** Land Rent Scheme **Impact:** 35 dwellings developed; 1 retained as affordable rental, 33 sold as affordable purchase opportunities, 1 sold on open market.



THE ASH, KAMBAH
Development cost: >\$3m **Land:** Purchased from Land Development Agency **Impact:** 8 dwellings developed and retained as specialist disability accommodation.



WANNIASSA GROUP HOME
Development cost: >\$500k **Land:** CHC knockdown/rebuild **Impact:** 1 group home developed and retained as specialist disability accommodation.





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

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021

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Corporate information

Company number ACN: 081 354 752

Directors

P Green
J Divorty
C Moore
C Wall
P Carmody
J Douglas
A Tay (Appointed on 1 July 2021)

Company Secretary

B Iggo (Resigned 1 February 2021)
F Dearden (Appointed 2 February 2021)

Registered Office/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
Paul Green	MG, BA, LLB (Hons)	Provides legal advice to property developers and major builders nationally and internationally on project delivery including structure, tax, acquisition, construction and financing. Previously managing partner of Meyer Vandenberg Lawyers following an initial 21 year career as an officer in the Australian Regular Army. Has previously lectured in Building and Construction Law at the University of Canberra. Board member of the Lidia Perin Foundation. Board member since October 2011.	Chair Member (Audit & Risk Committee) Chair (Development Committee)
Cathi Moore	BA (Soc Sci)	Extensive experience in public administration, both in the social policy and program management areas and has a wide range of experience in the community sector. 10 years at the Senior Executive Level managing a range of commercial and operational areas and reviewing the efficiency and effectiveness of government services in the former Commonwealth Department of Administrative Services (DAS). President Parentline ACT Inc. Board member since October 2007.	Director Member (Audit & Risk Committee) Member (Community Committee)
Clare Wall	B Ec, Dip Rec. Pl, M Pub Pol.	Currently working as an Associate and Partner with consultancy firm, SGS Economics and Planning. Has previously worked as Branch Head - Housing Policy, for the Commonwealth Government, and in senior housing and planning roles for the ACT Government. Recently completed training in Crime Prevention through Environmental Design. Is a member of the Planning Institute of Australia, and has a particular interest in housing, economic development, social planning and active recreation. Board Member since August 2015.	Director Chair (Community Committee) Member (Development Committee) (Appointed on 23 February 2021)
Paul Carmody	BA Admin	Has worked as senior executive in the Commonwealth Department of Health, National Capital Authority, Deputy Director General Health Infrastructure in the ACT Health Directorate and as General Manager for Hindmarsh Pty Limited. Paul has extensive experience in the ACT Construction and Property industries and has a particular interest in residential planning, building design, housing affordability and the use of renewable energy.	Director Member (Development Committee)
Jill Divorty	B.Bus(Acctg&Fin), MBA, FCPA, GAICD.	Has had extensive experience in both federal and state level public sector, with a focus on large scale procurement and project management, finance and accounting, and residential housing management. Jill has held senior executive level positions with Defence Housing Australia, National Blood Authority and as Head of ACT Shared Services Centre.	Director Chair (Audit & Risk Committee)
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 2020.	Director Member (Audit & Risk Committee) (Resigned on 27 October 2020) Member (Community Committee) (Appointed on 23 June 2020)
Alice Tay	LLB Sydney University, Graduate Australian Institute of Company Directors, Fellow with the Governance Institute of Australia.	Has extensive experience in areas of Audit, Risk and Governance through participation on Audit and Risk, Finance and Governance Committees for numerous organisations, across a variety of sectors within the ACT and nationally. This work is supported by experience accumulated as a lawyer, culminating as a partner at Meyer Vandenberg specialising in corporate and commercial law.	Director (Appointed 1 July 2021) Member (Audit & Risk Committee) (Appointed on 1 July 2021)

Directors' report for the financial year ended 30 June 2021

The Directors present this report to the members of Community Housing Canberra Limited ("the Company") for the year ended 30 June 2021 and the auditor's report thereon.

Directors

The Directors of the Company during the 2020-21 financial year and to the date of this report are:

	Date Appointed	Date Ceased	Directors' Meetings		Audit	
			A	B	A	B
Mr Paul Green	30-Oct-11	-	7	7	4	5
Ms Cathi Moore	30-Oct-07	-	7	7	5	5
Ms Clare Wall	8-Sep-15	-	7	7	-	-
Mr Paul Carmody	2-Aug-16	-	7	7	-	-
Ms Jill Divorty	7-Dec-17	-	7	7	5	5
Mr James Douglas	24-Jan-19	-	6	7	-	-
Ms Alice Tay	1-Jul-21	-	-	-		

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

Mr Brent Iggo, the Company Secretary resigned on 1 February 2021. Ms Fiona Dearden was appointed as Company Secretary on 2 February 2021. KPMG, Sydney, is the Company's Australian Charities and Not-for-profit Commission (ACNC) agent.

Directors' Interests and Benefits

Mr Paul Green joined Lexmerca Lawyers as a consultant in 2020. Legal services were provided to Community Housing Canberra Ltd during the year regarding several development projects totalling \$12,912 (2020: \$16,978).

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 \$1,730 (2020: \$2,198). 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 2020-21 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 2021 – continued

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

- Financially sustainable business model** – to achieve positive underlying net surplus and cash flow by 2021;
- Outstanding tenant experience** – Top quartile tenant satisfaction; and
- 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 continued work on "Phase 3 – Grow" of the Strategic Plan, through growing its portfolio of third-party owned homes under management; pursuing targeted new developments and partnership opportunities; all whilst continuing to ensure 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 2020, 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.

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:

- Provided rental rebates to Rebated Rent and Affordable Rent tenants in existing stock;
- Provided rental rebates to National Rental Affordability Scheme (NRAS) tenants in existing stock;
- Increased the supply of affordable housing properties available for sale through a targeted development program;
- Continued to refurbish and redevelop transferred stock to improve the standard of that stock;
- 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;
- Increased the supply of affordable housing properties available for rent by eligible applicants through the capital works program;
- Completed construction of a five bedroom group home, built to Special Disability Accommodation (SDA) "Improved Liveability" standard to accommodate 4 – 5 individuals with special needs, for rent by eligible applicants;
- Completed the development and sale of 123 apartments, of which the Company retained 10 dwellings as affordable housing properties for rent, in the suburb of Downer;
- Commenced construction of 18 house and land dwellings and 29 land rent dwellings in the suburb of Throsby;
- Completed sale of 18 house and land dwellings as well as 27 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. The Company intends to retain 2 of the land rent dwellings as affordable housing properties for rent;
- Commenced construction of a 4/5 bedroom group home in Page. This construction is partially funded by The Big Issue's "Homes for Homes" grant of \$300,000, which the Company secured last year, as well as a cash investment of \$460,000 by the Company. 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;
- Secured The Big Issue's "Homes for Homes" grant of \$100,000 which together with a cash investment of \$365,000 from the Company, to provide 2 x 2-bedroom properties that will support women's transition from custody to being in a position to maintain secure housing, employment and community connections.
- Purchased off-the-plan four 2 bedroom apartments in the Woodberry development in Coombs to increase supply of affordable housing properties available for rent by eligible applicants; and
- Administered the National Rental Affordability Scheme (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.

Directors' Report for the Financial Year Ended 30 June 2021 – continued

Performance measures

The Company's primary performance measure reflects its mission to provide affordable homes, principally for rent, to individuals and families. During the 2020-21 financial year, a total of 592 (2019-20: 518) tenancies were supported, of which 469 (2019-20: 452) tenancies were supported directly by the Company and 123 (2019-20: 66) tenancies were from properties under management through HomeGround Real Estate Canberra. A total direct rental subsidy of \$3.2 million (2020: \$3.1 million) was provided by the Company. Affordable Rental Rebates include subsidies of \$Nil (2019-20: \$26,001) 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 2020-21 as follows:

Tenancy model	2020-21 \$	2020-21 Tenantable areas	2019-20 \$	2019-20 Tenantable areas
Rebated Rental Rebate	1,146,980	99	1,194,705	86
Affordable Rental Rebate	2,081,620	370	1,918,583	366
Rebated or Affordable Rental - HomeGround	N/A	123	N/A	66
Total Rebate	3,228,600	592	3,113,288	518

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 \$1,400 (2020: \$1,200).

Events Subsequent to Balance Sheet Date

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

Future Developments

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

Indemnification and Insurance of Officers and Auditors

Since the end of the previous financial year, the Company has paid insurance premiums of \$25,064 (2020: \$25,357) 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.

Directors' Report for the Financial Year Ended 30 June 2021 – continued

Auditor's Independence Declaration

The Auditor's independence declaration in accordance with s. 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 10 and forms part of the Directors' report for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors:


Paul Green
Chair
Canberra 29 October 2021


Cathi Moore
Director

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 13 to 36 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 2021 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



Cathi Moore
Director

Canberra 29 October 2021



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY

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

To the Directors of Community Housing Canberra Limited

In relation to the audit of the financial statements of Community Housing Canberra Limited for the year ended 30 June 2021, 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
22 October 2021

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 2021 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 2021, 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 communicate with the Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Sharma
Assistant Auditor-General, Financial Audit
1 November 2021

Statement of comprehensive income	Note	2021	2020
For the year ended 30 June 2021		\$	\$
INCOME			
Revenue from contracts with customers:			
- Rental and Management Revenue	5 (a),(c)	9,062,502	8,734,248
- Development sales revenue	5 (b)	47,136,908	27,948,123
Other income	5 (d)	373,747	206,242
TOTAL INCOME		56,573,157	36,888,613
EXPENSES			
Asset management expenses	6 (a)	(2,217,186)	(2,123,878)
Cost of developments sold	6 (b)	(35,281,321)	(17,745,003)
Administrative expenses	6 (c)	(810,532)	(672,421)
Depreciation and amortisation	6 (d)	(3,323,412)	(3,096,382)
Employee expenses	7	(2,278,315)	(2,093,139)
Selling expenses		(1,299,982)	(532,601)
Net loss on disposal, transfer or impairment of assets	6 (e)	(53,257)	(39,722)
Bad debts	11(b)	(59,615)	(57,077)
TOTAL EXPENSES		(45,323,620)	(26,360,223)
Finance income	8 (a)	50,976	191,204
Finance expenses	8 (b)	(271,609)	(578,557)
Interest on lease liabilities	18	(138,379)	(136,097)
NET FINANCE EXPENSE		(359,012)	(523,450)
NET SURPLUS FOR THE PERIOD		10,890,525	10,004,940
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Increase in the asset revaluation surplus	21	35,589,382	16,531
Other comprehensive income for the period		35,589,382	16,531
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		46,479,907	10,021,471

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

Statement of financial position	Note	2021	2020
As at 30 June 2021		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	10	43,197,618	21,679,057
Trade and other receivables	11	182,851	471,112
Inventory	12	13,428,937	23,867,365
Other assets	13	4,070,398	2,455,800
TOTAL CURRENT ASSETS		60,879,804	48,473,334
NON-CURRENT ASSETS			
Capital works in progress	14	484,854	648,659
Inventory	12	-	4,464,760
Property, plant and equipment	9	203,072,986	166,685,591
Intangible assets	15	719,535	900,215
Right-of-use assets	18	7,706,193	6,486,795
TOTAL NON-CURRENT ASSETS		211,983,568	179,186,020
TOTAL ASSETS		272,863,372	227,659,354
CURRENT LIABILITIES			
Trade and other payables	16	1,834,471	3,693,776
Employee benefits	17	301,439	239,797
ACT Government loan	4	8,500,000	5,000,000
Interest-bearing debt	4	483,630	422,832
Lease liabilities	18	393,087	598,971
Other provisions	19	433,125	87,473
Other liabilities	20	140,143	269,450
TOTAL CURRENT LIABILITIES		12,085,895	10,312,299
NON- CURRENT LIABILITIES			
ACT Government loan	4	54,612,000	58,112,000
Interest-bearing debt	4	5,937,562	6,463,406
Lease liabilities	18	6,405,642	5,429,283
TOTAL NON-CURRENT LIABILITIES		66,955,204	70,004,689
TOTAL LIABILITIES		79,041,099	80,316,988
NET ASSETS		193,822,273	147,342,366
EQUITY			
Asset revaluation surplus	21	113,757,515	79,365,364
Retained earnings		80,064,758	67,977,002
TOTAL EQUITY		193,822,273	147,342,366

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

Statement of changes in equity For the year ended 30 June 2021	Note	Retained Earnings \$	Asset Revaluation Surplus \$	Total Equity \$
Opening balance at 1 July 2020		67,977,002	79,365,364	147,342,366
Net surplus for the period		10,890,525	-	10,890,525
Other comprehensive income				
Impairment loss on land and buildings	21		-	-
Increase in asset revaluation surplus	21	-	35,589,382	35,589,382
Total comprehensive income for the period		10,890,525	35,589,382	46,479,907
Transfer of revaluation increment for assets disposed	21	1,197,231	(1,197,231)	-
Closing balance at 30 June 2021		80,064,758	113,757,515	193,822,273

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

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

Statement of cash flows For the year ended 30 June 2021	Note	2021 \$	2020 \$
Operating activities			
Cash receipts from customers		9,646,784	8,983,830
Cash payments to suppliers and employees		(5,085,517)	(3,507,458)
Interest and dividends received		50,976	191,204
Interest and lease interest paid		(457,751)	(974,726)
Proceeds from the sale of inventory and properties		45,129,749	27,927,081
Construction of inventory and new properties		(27,448,703)	(26,719,771)
Grant Funding		365,242	180,000
Goods and Services Tax collected from customers		4,622,317	4,096,175
Goods and Services Tax input tax credits paid to/received from the Australian Taxation Office		(879,092)	(1,506,083)
Goods and Services Tax paid to suppliers		(2,870,730)	(2,702,263)
Net cash flows from operating activities		23,073,275	5,967,989
Investing activities			
Payments for intangible assets		(99,193)	(224,949)
Payments for property, plant and equipment		(1,832,719)	(205,287)
Proceeds from the disposal of property, plant and equipment		1,295,490	1,233,614
Net cash flows from investing activities		(636,422)	803,378
Financing activities			
Cash from borrowed funds		5,000,000	-
Lease liabilities principal paid		(453,246)	(462,874)
Repayment of loans		(5,465,046)	(429,740)
Net cash flows used in financing activities		(918,292)	(892,614)
Net increase in cash and cash equivalents		21,518,561	5,878,753
Cash and cash equivalents at the beginning of the year		21,679,057	15,800,304
Cash and cash equivalents at the end of the year	10	43,197,618	21,679,057

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 2021

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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 2021 were authorised for issue in accordance with a resolution of the Directors on 29 October 2021.

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 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 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 2021.

(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:

- Identify the contract with the customers;
- Identify the separate performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price; and
- Recognise revenue as or when control of the performance obligation is transferred to the customer

Notes to the financial statements - continued

2 Summary of accounting policies – continued

(d) Revenue recognition - continued

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 management fee payments are 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.

(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 and are capital in nature, 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.

Notes to the financial statements - continued

2 Summary of accounting policies – continued

(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.

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.

Notes to the financial statements - continued

2 Summary of accounting policies – continued

(k) Property, plant and equipment - continued

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:

	2021 Years	2020 Years
	20-43	20-43
Buildings		
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 2020-21 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 2020-21 as 4 years (2019-20: 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.

(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.

Notes to the financial statements - continued

2 Summary of accounting policies – continued

(l) Leases - continued

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.

(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 17.

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.

Notes to the financial statements - continued

2 Summary of accounting policies – continued

(n) Employee benefits - continued

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.

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.

Notes to the financial statements - continued

2 Summary of accounting policies – continued

(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 2021.

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

Fair value measurement of non-financial assets

<i>Property, plant and equipment</i>	2021 \$	2020 \$
Net fair value of land and buildings	202,046,016	165,877,311

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.

<i>Loans</i>	2021 \$	2020 \$
Current		
- ACT Government loan	8,500,000	5,000,000
- Beyond Bank (formerly Community CPS) loan	483,630	422,832
Total current loans	8,983,630	5,422,832

Notes to the financial statements – continued

4. Loans and borrowings - continued

Loans	2021 \$	2020 \$
Non-current		
- ACT Government loan	54,612,000	58,112,000
- Beyond Bank (formerly Community CPS) loan	5,937,562	6,463,406
Total non-current	60,549,562	64,575,406
Total loans	69,533,192	69,998,238

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 initially 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 2021 was deferred to June 2021, by the ACT Government due to the COVID-19 pandemic.

All repayments comprising of \$2.5 million originally due on 30 June 2020 and \$2.5 million originally due on 30 June 2021, as well as \$1.0 million which was due to commence on 1 July 2021, were subsequently deferred to 31 December 2021, pending consideration of a loan restructure arrangement which is in ongoing negotiations with the ACT Government. The remaining \$3.5 million under current loans is due on 30 June 2022.

Total interest incurred for the financial year was \$38,075 (2020: \$540,273). Of this amount, \$18,086 (2020: \$260,071), being approximately 47.5% (2020: 48.1%) 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 \$251,620 (2020: \$298,355).

During the 2020-21 financial year, the Company obtained a 6 month business loan from Westpac Banking Corporation to partially fund the Downer Stage 2 development. As at 30 June 2021, the loan which amounted to \$5,176,869.10 had been fully repaid from the proceeds of the sale from the Downer Stage 2 development. Total interest charged during the year amounted to \$29,678 (2020: \$Nil).

(a) Financing facilities available

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

	2021 \$	2020 \$
Total facilities:		
- ACT Government facility (4.02.08)	50,000,000	50,000,000
- ACT Government facility (28.06.11)	20,000,000	20,000,000
- ACT Government facility total	70,000,000	70,000,000
- Beyond Bank (formerly Community CPS)	12,635,943	12,635,943
Total facilities	82,635,943	82,635,943
Facilities used at reporting date:		
- ACT Government loans (4.02.08)	45,000,000	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)	6,421,192	6,886,238
Total facilities used	69,533,192	69,998,238
Facilities unused at reporting date:		
- 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)	6,214,751	5,749,705
Total facilities unused	13,102,751	12,637,705

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.

Westpac Banking Corporation

Subsequent to balance sheet date, the Company obtained a business loan facility with Westpac in the form of a revolving bank guarantee facility up to a limit of \$120,000. This is to enable the Company to obtain additional bank guarantees, which are a requirement of the ACT Suburban Land Agency land purchase sale contracts. This facility is secured on a \$120,000 term deposit in the name of the Company.

(b) Banker's undertakings

The Company has the following banker's undertakings in the form of a bank guarantee with Westpac Banking Corporation, which remain outstanding as at 30 June 2021:

1 February 2019 - \$53,400 to the Environment Planning & Sustainable Development Directorate - for Symphony Park Stage 3 development. This is currently in the process of being released. The banker's undertaking is currently secured on the Company's interest bearing 60 day account.

(c) Other items held as security

Westpac Banking Corporation holds 19 (2020: 20) properties as security located at City Edge and Village Vue. 56 Bluebell was sold in 2019-20 and the security on the property was removed upon the sale. The remaining security was previously held to provide the Company with a quick line of credit when needed.

During the 2020-21 financial year, these properties were added into the bundle of assets which were used as security for the Westpac business loan. As at 30 June 2021, the loan had been fully repaid and all related securities have been discharged, with the exception of these 19 properties and a general security agreement over the Company's assets, which were only discharged subsequent to balance sheet date in August 2022.

5 Income

(a) Rental revenue

	2021 \$	2020 \$
Public rebated rental income	873,813	880,924
Affordable housing rental income	2,330,022	1,824,911
NRAS housing rental income *	2,285,672	2,939,166
NRAS land rent housing rental income *	2,865,412	2,869,549
Other rental income	508,280	82,125
Total Rental Revenue	8,863,199	8,596,675

(b) Development sales revenue

Sales proceeds – Moncrieff	-	588,091
Sales proceeds – Downer Stage 1	1,103,854	19,281,490
Sales proceeds – Downer Stage 2	45,983,265	-
Sales proceeds – Downer Stage 3	-	8,057,500
Other development income	49,789	21,042
Total Development Sales Revenue	47,136,908	27,948,123

(c) Management fees

NRAS non-entity joint venture management fees	28,312	30,086
Property Management - HomeGround	170,991	107,488
Total Management Fee Revenue	199,303	137,574

Notes to the financial statements – continued

5. Income – continued

		2021 \$	2020 \$
(d) Other income			
Grants and Contributions:			
- The Big Issue - Homes for Homes grant	vii	300,000	-
- Environment, Planning and Sustainable Development Directorate - ACT Affordable Housing Innovation Fund	viii	-	130,000
- ACT Government Community Services Directorate – COVID-19 Stimulus Rapid Response Grant		15,242	-
- Australian Taxation Office – COVID-19 Cash Stimulus Grant		50,000	50,000
- Other income		8,505	26,242
Total Other Income		373,747	206,242

* National Rental Affordability Scheme (NRAS)

Income notes

- Public rebated rental income is based on tenancy agreements that assess 25% of household income plus Commonwealth Rental Assistance.
- 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 in-house.
- 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 Australian Government through 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.
- 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.
- 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).
- 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.
- The Big Issue Homes for Homes grant for \$300,000 partially financed the construction of a 4/5 bedroom dwelling to provide housing for adult individuals with mental illness, who are not covered by the National Disability Insurance Scheme (NDIS) nor eligible for SDA.
- Environment Planning & Sustainable Development Directorate ACT Affordable Housing Innovation Fund totals \$230,000 with \$100,000 recognised in the 2018-19 financial year and with the final 2 instalments recognised in the 2019-20 financial year.

6 Expenses

(a) Asset management expenses

		2021 \$	2020 \$
Asset management expenses	i	2,217,186	2,123,878
Total Asset Management Expenses		2,217,186	2,123,878

(b) Cost of developments sold

Downer Stage 1	i	701,320	13,216,730
Downer Stage 2	ii	34,580,001	-
Downer Stage 3			4,035,149
Moncrieff		-	493,124
Total Cost of Developments Sold		35,281,321	17,745,003

(c) Administrative expenses

Audit Fees		58,252	54,819
Directors fees		36,636	43,287
Information technology		156,795	113,513
Professional services	iii	122,556	88,464
Other administrative expenses	iv	436,293	343,219
Administrative expenses compensated by ACT Affordable Housing Innovation Grant	v	-	29,119
Total Administrative Expenses		810,532	672,421

Notes to the financial statements – continued

6. Expenses – continued

(d) Depreciation and amortisation

		2021 \$	2020 \$
Depreciation	9	3,039,207	2,973,528
Depreciation of right-of-use assets	18	4,333	4,334
Amortisation	15	279,872	118,520
Total Depreciation and Amortisation		3,323,412	3,096,382

(e) Net Loss/(gain) on disposal, transfer or impairment of assets

		2021 \$	2020 \$
Loss on disposal of land & building	vi	78,472	48,390
(Gain) on disposal of plant and equipment	vii	(25,215)	(8,668)
Total Net Loss/(Gain) on Disposal, Transfer or Impairment of Assets		53,257	39,722

Expenses notes

- Relates to property expenses and repairs and maintenance work undertaken on affordable and rebated rental properties throughout the year.
- Relates to development and construction costs for completed projects for which settlement has occurred. Included in the Downer Stage 2 is \$29,678, being interest charged and \$147,182 being establishment and line fees on a Westpac business loan secured specifically for the development.
- Relates to professional legal, consulting and accounting fees incurred over the year in relation to employee matters, development projects, financial reporting and operational processes.
- Administrative expenses compensated by the ACT Affordable Housing Grant include expenses related to the establishment of HomeGround Real Estate Canberra.
- The increase is due mainly to CHC obtaining options to pay out the lease for a portion of its land rent properties and increase in recruitment expenses.
- Relates to a loss on disposal of 33 Stockdale Street in 2020-21 and 62/56 Bluebell Street in 2019-20.
- Relates to gains on disposal of various plant and equipment such as motor vehicles and other equipment.

7 Employee expenses

		2021 \$	2020 \$
Salaries and wages	i	1,992,064	1,719,208
Superannuation contributions		185,684	167,288
Provision for annual and long service leave		61,641	71,636
Other employee expenses		38,926	35,449
Salaries and wages and superannuation contributions compensated by ACT Affordable Housing Innovation Grant		-	99,558
Total Employee Expenses		2,278,315	2,093,139

- As at 30 June 2021, the Company has 23 staff (2020: 23). The increase is due mainly to a slower rate of wage capitalisation to projects and the Company's annual increments as defined by the CHC Enterprise Agreement

8 Finance income and finance expenses

(a) Finance income

		2021 \$	2020 \$
Interest earned on cash and cash equivalents	i	49,905	188,704
Dividends received		1,071	2,500
Total Finance Income		50,976	191,204

(b) Finance expenses

Interest expense on ACT Government loans		38,075	540,273
Interest expense on ACT Government loans capitalised		(18,086)	(260,071)
Interest expense on Beyond Bank loans		251,620	298,355
Total Finance Expenses	ii	271,609	578,557

- Interest earned on cash and cash equivalents has seen a significant decline due to the decline in commercial interest rates during the financial year 2020-21.
- Finance expenses have seen a significant decline due to principal repayments and also the decline in commercial interest rates during the financial year 2020-2021.

Notes to the financial statements – continued

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 2021 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, which was transferred from inventory to property, plant and equipment. See note 9(ii) below.

(b) Property, plant and equipment carrying amount

Carrying amount	TOTAL \$
2020	
Land and Buildings	
Cost or fair value	168,661,697
Less: Accumulated depreciation	(2,784,386)
	165,877,311
Plant and Equipment	
Cost	1,860,311
Less: Accumulated depreciation	(1,052,031)
	808,280
Carrying amount at 30 June 2020	166,685,591
2021	
Land and Buildings	
Cost or fair value	202,062,399
Less: Accumulated depreciation	(16,383)
	202,046,016
Plant and Equipment	
Cost	2,146,069
Less: Accumulated depreciation	(1,119,099)
	1,026,970
Carrying amount at 30 June 2021	203,072,986

(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
2020			
Carrying amount at 1 July 2019	165,450,000	781,306	166,231,306
Additions - Asset purchases	-	205,287	205,287
Additions - Transfers from capital works in progress	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	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

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
2021			
Carrying amount at 1 July 2020	165,877,311	808,280	166,685,591
Additions - Asset purchases i	1,496,000	417,568	1,913,568
Additions - Transfers from capital works in progress/Inventory ii	3,272,399	-	3,272,399
Disposal of assets	(1,355,000)	(131,652)	(1,486,652)
Revaluation increment	35,589,382		35,589,382
Write back of accumulated depreciation on disposals	16,675	121,230	137,905
Depreciation for the year	(2,850,751)	(188,456)	(3,039,207)
Balance at 30 June 2021	202,046,016	1,026,970	203,072,986

- i. Relates to purchase of 4 properties in the Valo development in Coombs under the Suburban Land Agency's Affordable Home Purchase Program that remained unsold at the time.
ii. Relates to the retention of 10 units in the Downer Stage 2 development and was previously under Inventory Under Construction in 2019-20.

10 Cash and cash equivalents

	2021 \$	2020 \$
Petty cash	500	500
Cash at bank	43,197,118	21,678,557
Total Cash and cash equivalents	43,197,618	21,679,057

- i. The increase is due mainly to settlement monies received for Downer Stage 2 as well as the deferment of ACT Loan repayment of \$5 million.

11 Trade and other receivables

(a) Current

	2021 \$	2020 \$
Trade debtors	231,148	228,146
Less: Allowance for expected credit losses	(50,000)	(50,000)
	181,148	178,146
GST receivable	-	273,130
Insurance Claim receivable	-	19,757
Other debtors	1,703	79
Total trade and other receivables	182,851	471,112

- i. Trade debtors is comprised of rent and non-rent charges from tenants of \$231,148 (2019-20: \$228,146) of which \$90,892 (2019-20: \$90,892) is considered overdue (30 days +).

(b) Reconciliation of the carrying amounts for the allowance for expected credit losses

	2021 \$	2020 \$
Carrying amount at the beginning of year	(50,000)	(30,000)
Reduction in allowance arising from write-off of unrecoverable debt	59,615	37,077
Additional allowance recognised	(59,615)	(57,077)
Carrying amount at the end of the year	(50,000)	(50,000)

Notes to the financial statements – continued

12 Inventory

		2021 \$	2020 \$
Current			
Available for Sale			
Developments – construction costs	i	3,585,441	612,923
Developments – land	i	241,398	88,397
Under construction			
Developments – construction costs	ii	6,001,298	20,599,314
Developments – land	ii	3,600,800	2,566,731
Total current inventory under construction		13,428,937	23,867,365
Non-current			
Under construction			
Developments – construction costs	iii	-	863,960
Developments – land	iii	-	3,600,800
Total non-current inventory under construction		-	4,464,760

- i. Available for sale refers to 12 apartments in Downer Stage 2 in 2020-21 and 1 house and land package in Downer Stage 1 in 2019-20 which remained unsold respectively.
ii. Current developments under construction relate to the Throsby projects, which were under Non-current -Under construction in 2019-20.

13 Other assets

		2021 \$	2020 \$
Current			
Accrued income	i	1,546,937	2,168,867
Other receivables	ii	2,081,959	-
Prepayments		217,802	212,133
Deposits	iii	223,700	74,800
Total current other assets		4,070,398	2,455,800

- i Relates to NRAS incentives which are acquitted annually to the Department of Social Services on a May to April basis.
ii Relates to settlement monies receivable for the Downer Stage 2 development, for settlements which occurred prior to the end of 2020-21.
iii Relates to deposits for the purchase of several land parcels from the Suburban Land Agency and 4 units in Coombs in the Woodberry development in 2020-21 and 4 units in Coombs under the Valo development in 2019-20 respectively.

14 Capital works in progress

(a) Capital works in progress

		2021 \$	2020 \$
IT System Upgrade	i	67,532	53,492
New Website	ii	-	73,242
Developments – land and construction costs	ii	417,322	521,925
Total Non-current Capital works in progress		484,854	648,659

- i Relates to the Company's Agile IT program system which was in progress in 2021 and 2020 but has currently stalled and may recommence in the future.
ii. Relates to a new website which allows tenants and other interested parties to put in applications and expressions of interest.
iii. Relates to developments on 2 special purpose group homes in Page in 2020-21 and in Wanniasa in 2019-20 which are being funded by The Big Issue's Homes for Homes grants respectively. Both are for retention as part of the Company's rental portfolio.

Notes to the financial statements – continued

14 Capital works in progress - continued

(b) Reconciliation of capital works in progress carrying amounts

2020	Developments \$	New Website \$	IT System Upgrade \$	Total Capital Works 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

2021	Developments \$	New Website \$	IT System Upgrade \$	Total Capital Works in Progress \$
Carrying amount at 1 July 2020	521,925	73,242	53,492	648,659
Additions	482,323	25,951	14,040	522,314
Transfers to property, plant and equipment and intangible assets	(586,926)	(99,193)	-	(686,119)
Carrying amount at 30 June 2021	417,322	-	67,532	484,854

15 Intangible assets

(a) Intangible assets

	2021 \$	2020 \$
At cost	1,308,754	321,268
Add: Additions – transfers from capital works-in-progress	99,193	987,486
Less: Accumulated amortisation	(688,411)	(408,539)
Carrying amount at the end of the year	719,536	900,215

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

	2021 \$	2020 \$
Carrying amount at the beginning of year	900,215	31,249
Additions	99,193	987,486
Amortisation	(279,872)	(118,520)
Carrying amount at the end of the year	719,536	900,215

- i Intangible assets includes the capitalised implementation and software costs of the new GreenTree IT system and MYOB EXO payroll software.
ii Relates to a new website which allows tenants and other interested parties to put in applications and expressions of interest.

16 Trade and other payables

	2021 \$	2020 \$
Trade creditors	267,179	164,538
Accrued expenses	933,478	3,492,075
GST payable to the Australian Taxation Office	599,365	-
Pay as you go withholding (PAYG) payable to the Australian Taxation Office	34,449	37,163
Total Trade and other payables	1,834,471	3,693,776

- i Accrued expenses largely relates to accrued construction costs for the Throsby developments in 2020-21 and for Downer Stage 2 development in 2019-20 and includes fees for the ACT Audit Office for the audit of the financial statements.

Notes to the financial statements – continued

17 Employee benefits

	2021 \$	2020 \$
Current		
Annual leave	234,986	195,911
Long service leave	66,453	43,886
Total current employee benefits	301,439	239,797
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 (2020: Nil).

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

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

	LRHS \$	LRDS \$	Office Equipment \$	Total \$
2021				
Carrying amount at 1 July 2020	6,209,685	264,111	12,999	6,486,795
Lease Re-measurement Adjustment	1,183,361	40,370		1,223,731
Less: Depreciation for the year	-	-	(4,333)	(4,333)
Carrying amount at 30 June 2021	7,393,046	304,481	8,666	7,706,193

Lease liabilities and movement

	2021 \$	2020 \$
Current		
As at 1 July	6,028,254	6,491,129
Lease Re-measurement Adjustment	1,223,731	
Add: Accretion of interest on lease liabilities	138,379	136,098
Less: Lease payments	(591,635)	(598,973)
As at 30 June	6,798,729	6,028,254
Comprises		
Current	393,087	598,971
Non-Current	6,405,642	5,429,283
Total lease liabilities	6,798,729	6,028,254

Notes to the financial statements – continued

18 Leases - continued

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

	2021 \$	2020 \$
Depreciation of right-of-use assets	4,333	4,334
Interest on lease liabilities	138,379	136,098
Total amount recognised in statement of comprehensive income	142,712	140,432

19 Other provisions

(a) Other Provisions

	2021 \$	2020 \$
Project Retention Provision i	433,125	87,473

(b) Reconciliation of Provisions

	2021 \$	2020 \$
Balance at the beginning of the year	87,473	32,412
Additions made during the year	407,799	124,577
Reductions due to payments made during the year	(62,147)	(69,516)
Balance at the end of the year	433,125	87,473

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)).

20 Other liabilities

Revenue received in advance

	2021 \$	2020 \$
Income received in advance	136,143	269,435
Other	4,000	15
Total other liabilities	140,143	269,450

21 Equity

Asset revaluation surplus

	2021 \$	2020 \$
Balance at the beginning of the year	79,365,364	80,199,741
Disposals		
- Land and buildings	(1,197,231)	(850,908)
Total Disposals	(1,197,231)	(850,908)
Impairment Losses		
- Land and buildings	-	(120,833)
Total Impairment Losses	-	(120,833)
Revaluation adjustments of		
- Income based Buildings	8,997,761	-
- Affordable Buildings	16,129,872	137,364
- NRAS Buildings	5,713,136	-
- Land Rent Buildings	2,323,101	-
- Special Disability Buildings	1,509,311	-
- Commercial (includes office) Buildings	916,201	-
Total revaluation increments on valuation adjustments	35,589,382	137,364
Balance at the end of the year	113,757,515	79,365,364

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

Notes to the financial statements – continued

22 Commitments and contingencies

(a) Capital expenditure commitments

At the reporting date, the Company has capital expenditure commitments totalling \$5,928,607 (2020: \$17,140,370). These commitments relate to:

Project	Cost Type	2021 \$	2020 \$
Downer – Stage 2	Construction	-	17,067,705
Wanniassa	Construction	-	72,665
Page	Construction	103,336	-
Throsby	Construction	5,825,271	-
Total Capital Expenditure Commitments		5,928,607	17,140,370

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

23 Related parties and related party transactions

(a) Key management personnel

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

Non-executive Directors	Executives
Mr. Colin Alexander (Chair) (Resigned 26 November 2019)	Mr. Andrew Hannan (Chief Executive Officer)
Mr. Paul Green (Chair)	Ms. Megan Ward (General Manager, Operations)
Ms. Jill Divorty (Deputy Chair)	Mr. Brent Iggo (Company Secretary) (Resigned 1 February 2021)
Ms. Cathi Moore	Ms. Fiona Dearden (Company Secretary) (Appointed 2 February 2021)
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	2021 \$	2020 \$
Mr. Colin Alexander (Resigned 26 November 2019)	Crace Developments Pty Ltd	-	4,561
Mr. Paul Green	Lexmerca Lawyers	10,950	7,264
Ms. Cathi Moore		5,000	5,000
Ms. Rebecca Vassarotti (Resigned 21 June 2020)		-	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	5,000
		35,950	41,825

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

(c) Key management personnel remuneration

	2021 \$	2020 \$
Short-term employment benefits	697,682	576,712
Post-employment benefits (superannuation)	62,623	52,287
Total key management personnel remuneration	760,305	628,999

Included in the remuneration is \$6,538, which relates to Ms. Fiona Dearden's role as Company Secretary Mr. Brent Iggo did not receive separate remuneration for his role as Company Secretary, which was incorporated into his employee remuneration.

Notes to the financial statements – continued

23 Related parties and related party transactions – continued

(d) 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 Developments Pty Ltd was fully impaired in 2018-19 and the company is currently winding down.

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 \$12,912 (2020: \$16,978).

Community Housing Industry Association (CHIA)

Andrew Hannan, the Company's CEO, was appointed to be the ACT Chair of the Community Housing Industry Association (CHIA) 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 \$3,739 (2020: \$3,162).

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 \$1,730 (2020: \$2,198). 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 2021 the number of members was 14 (2020: 12).

