

CHC 2015/16 Annual Report

Homes for the community

CHC 2015/16 Annual Report

chcaustralia.com.au



Home is a feeling

...beyond the floors and the ceiling.

A place to live, somewhere to belong.

Home feels right, when everything else feels wrong.

Home is the tears and laughter, the befores and afters.

The all on your own, or packed to the rafters.

It's inside, it's outside, outgrown or down-sized.

Home is the feeling of safety and security,
from the day we're born, right through to maturity.

Everyone deserves the feeling of home
and be given the same opportunity...

Homes for the community.

CHC

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Total rental rebate to eligible tenants

\$2.8 million

Equity

\$113.5 million

Tenant advisory forums

Tenant newsletters

2 meetings 4 issued

Total tenantable areas

445

Our vision: To be a leading not-for-profit provider of quality affordable housing.

We create housing opportunities for both rental and sale. Our range of rental programs provide housing options for people in need on low to moderate incomes. This includes ageing Canberrans, the socio-economically disadvantaged, or people with disability.

Our profits are returned to the community through the addition of rental stock and the creation of new housing initiatives and programs. We commit to sponsorships and partnerships that support our mission in delivering housing options and sustainable tenancies.

Our Mission:

**To provide affordable
housing to people
on low to moderate
incomes.**

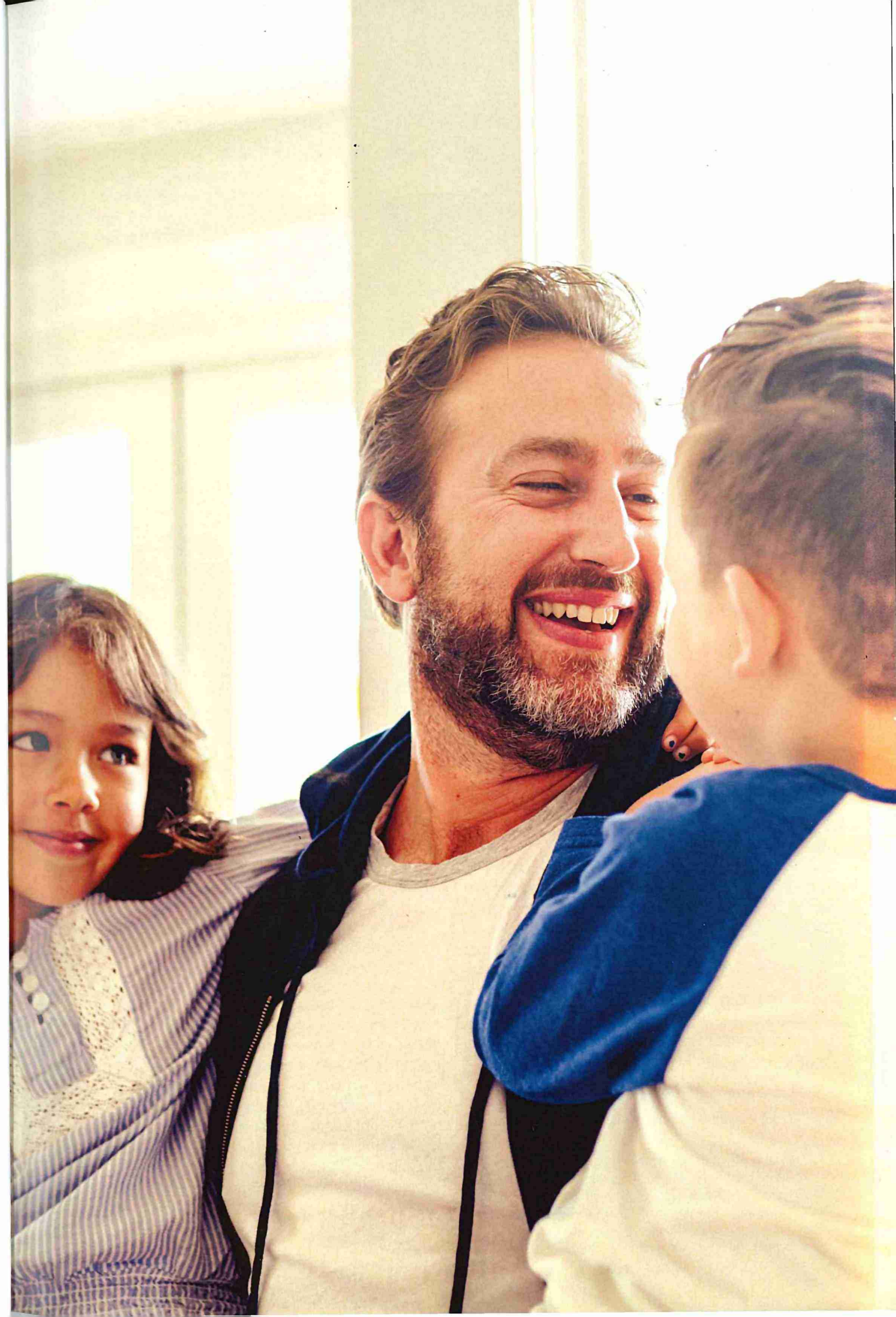
Our Values

To realise our vision and mission in a meaningful way, we ensure that certain values are observed in everything we do.

Our core values are:

- 1 Ethical practice
- 2 Creativity
- 3 Respect
- 4 Leadership
- 5 Accountability
- 6 Sustainability

These six values are also the guiding principles in our approach to property development.





Report from the Chair

**Posting a \$3 million surplus this financial year,
CHC continues to deliver strong financial performance.**

Our result in 2015-16 is a reflection of our strategic and agile Board of Directors and executive teams. It is an acknowledgement of the skills each team member brings to our organisation.

Over recent years, our people have navigated CHC through some highly challenging business conditions. More to the point, they have enabled our organisation to flourish. They have helped us to deliver on our mission of increasing affordable housing options for both rent and sale to the Canberra community — while at the same time consistently delivering impressive financial performance.

Sustained Success

In 2008, we began to undertake development projects to support our growth plan for affordable housing rentals and financial stability. The results achieved since 2008 until now are outstanding.

We have increased our rental portfolio from 151 to over 400 properties, from \$52m to \$146m in value. This has created a total of rental subsidies to our tenants of over \$18m. We have undertaken a range of developments from knock-down rebuilds to multi-unit projects delivering an additional 525 properties which have contributed a total surplus¹ of \$29m.

What the statistics don't show is the operating environment in which these outcomes were achieved. Our organisation has prevailed through the global financial crisis and the subsequent tightening of financial markets. We have successfully negotiated changes of Federal governments as well as shifting policies on housing and tax-related issues. And, when executing our strategic plans, we have seamlessly dealt with the introduction of another regulatory body (the Australian Charities and Not for Profits Commission) and a number of other legislative changes.

On a local level, we have been more fortunate in that the ACT Government has remained stable. However, any change in government policy or officials could jeopardise our ability to deliver for the community. While our organisation does not receive any service funding from the Federal or Territory governments, we are reliant on our partnership with the ACT Government for access to suitable development sites. This includes a mix of greenfield and infill sites, which allows us to provide diversity in housing options for all Canberrans. We will be vigorously pursuing this more aggressively in the future to allow us access to more affordable land.

Building for the Future

Our work is particularly important at a time when residential land prices have climbed to all-time highs¹. On the back of strong demand and record low interest rates, housing affordability in Canberra continues to deteriorate for both purchasers and renters alike².

To tackle these issues, CHC will continue to work closely with the ACT Government. The longevity and productivity of this relationship ensures that we will be able to provide housing diversity and affordability to the ACT community well into the future.

Holding over \$113m in equity, cash reserves of more than \$28m and a net debt gearing ratio³ of 29.9%, provides us with a strong financial base from which we can deliver broader benefits for the Canberra community. Our activities across the next five years include a robust development pipeline and implementation of housing initiatives for our ageing citizens and people with disability.

A Word of Thanks

I take this opportunity to thank my fellow directors, independent committee members and our staff for another outstanding year. Their ongoing commitment and contributions are crucial for CHC to achieve its objectives. Thanks also to our tenants, who remain at the core of our mission, and to the many partners who support us.

I look forward to the year ahead. I am confident that we will be able to meet our challenges, recognise our opportunities and leverage our successes. Whatever comes our way, we will continue to work hard to remain at the leading edge of the community housing sector.

Col Alexander, OAM

¹ Housing Industry Association and CoreLogic Residential Land Report – March Quarter 2016

² Australia, 2016, Anglicare Australia Rental Affordability Snapshot, Canberra.

³ The net debt gearing ratio is calculated by dividing net debt (short term and long term debt, less cash and cash equivalents) by total development assets (Land & Buildings, Inventory and Capital works in progress). This ratio represents the percentage of an organisations assets financed with loans or other financial obligations.





CEO: The Year in Review

While not being without its challenges, the past year has been another hugely successful and rewarding one.

Broadly, CHC remains committed to providing a diverse range of housing product for both rent and sale. We are continually working to identify development projects that will enable us to achieve this outcome, without compromising our financial independence.

Over the year, as demand for our rental housing programs and services remained consistently above our stock levels, we continued to be vigilant in the administration, servicing and delivery of our programs and portfolios.

A Changing Organisation for a Changing World

In accordance with our strategic plan for the year, we reviewed our internal and external environments and prioritised investment in the gaps we identified.

Internally, our organisational restructure included the formation of a dedicated compliance team and the introduction of an internal maintenance team. Through the restructure, we added a qualified human resources professional, and we recalibrated our development team.

Because we are always looking to offer a better customer experience for our tenants, we also undertook an analysis of our business systems. This analysis has helped us to identify areas where we can make improvements to our protocols and processes.

Delivering for Canberrans

Over the year, the property development arm of our organisation celebrated the completion of the following projects:

- Symphony Park 2: a development of 82 units in Harrison (for sale).
- Symphony Park 3a: a development of 20 terrace houses in Harrison (for sale).
- Nine detached three-bedroom houses in Lawson (for rent).
- A specially designed home in McKellar for four people with disability and a carer (for rent).

The development team also made solid progress on the design and construction of a number of other housing projects (details are available in the financial statements).

In addition to the tremendous efforts of our staff, our success in delivering these outcomes requires the ongoing support of the ACT Government and the community.

Vital Relationships Strengthened

This year, we worked particularly closely with the ACT Government on planning and renewal strategies. We were able to learn more about the government's approach to these issues, and we provided input to policy and strategy with a focus on affordability.

We also confirmed important partnerships within our community. These included our valued ties with the Domestic Violence Crisis Service, the Australian Red Cross, the YWCA, Migrant and Refugee Settlement Services of the ACT, and the Australian National University.

To ensure best practice, we renewed memberships with • The Property Council • The Master Builders Association • The Australasian Housing Institute • The Community Housing Industry Association • The ACT Council of Social Services • ACT Shelter • The Real Estate Institute ACT • The Australian Institute of Company Directors • The National Association of Women in Construction.

In a major step forward for our organisation, we also gained accreditation as a National Disability Insurance Scheme (NDIS) specialist disability accommodation provider.

A Credit to All

Our year at CHC has certainly been one of changes and challenges. I would like to commend the staff for their tireless dedication to our vision throughout this period of transition. While we have accomplished much, there remain initiatives to be implemented.

We will continue to work with other providers of community and affordable housing. We are determined to ensure that all elements of the housing needs continuum, are met and that community needs are addressed.

Kim Sinclair
Chief Executive Officer

Corporate Governance & Risk Management

CHC plays an important role in the lives of people in our community. Upholding trust is essential to what we do.

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

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

Board of Directors

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

Each member of the Board is selected to bring a skill set that helps CHC meet our charter. Directors may be appointed for their expertise in housing development, asset management, community and social policy development, law, finance, or accounting. The Chair, Deputy Chair and one other Director are appointed by the ACT Government.

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

Colin Alexander, OAM, FCPA, BA (Acc)	Chair; Chair Development Committee
Paul Green, MG, BA, LLB (Hons)	Deputy Chair; Member Development Committee; Member Audit Committee
Rebecca Vassarotti, BA/MenvLaw	Director; Chair Community Committee
Richard Bear, Bcom	Director; Member Development Committee; Member Audit Committee
Cathi Moore, BA (Social Science)	Director; Chair Audit Committee, Member Community Committee
Clare Wall, B Ec, Dip Rec. Pl, M Pub Pol	Director; Member Community Committee
Kim Werner, BA/LLB Grad Dip (Population Health)	Director; Member Community Committee Resigned 24 November 2015

Additional information about our Directors can be found on page 25 of this Annual Report.

Executive Team

Reporting to the Chief Executive Officer, our executive team provides strategic leadership and managerial insight for the organisation. The team operates under the governance of the Board of Directors, with each member selected for his or her qualifications and commercial experience.

Our organisation has a considerable amount of property to deliver over the next 12 months, and the quality and timely delivery of these projects will be a core priority.

Leading into 2017, we will restructure our organisation into three divisions of operational focus—Development, Operations, and Corporate Services. Accordingly, we will appoint a General Manager to each of these divisions.

Under other aspects of our restructure, supervision of our project marketing services and corporate communications will be brought in-house. This move will include the appointment of a senior sales consultant and a qualified communications executive.

Audit Committee

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

Community Committee

CHC's Community Committee helps to ensure that the organisation continues to provide exceptional service to our tenants. The Committee undertakes regular review of our tenancy policies and procedures, and has established a Tenant Advisory Group to facilitate effective two-way communication between CHC and our tenants.

Development Committee

CHC's Development Committee was established to guide our organisation's property development schedule. In 2017, this program will be larger than any ever undertaken in our 20-year history. Underlining the importance of our development schedule, the Development Committee currently includes as members both our CHC Chair and Deputy Chair.

Regulatory Compliance

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

CHC is a registered charity with endorsement as a Public Benevolent Institution and Deductible Gift Recipient. This status is determined by the Australian Taxation Office and Australian Charities and Not-for-Profit Commission.

The ACT Government provides stamp duty, payroll and land tax exemptions.

CHC is also registered as a Tier 1 provider under the National Regulatory System for Community Housing 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 and is committed to maintaining and maximising incentives under the Scheme for itself and its Non-Entity Joint Venture investors.

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.

Quality Management

CHC is accredited with ISO 9001:2008 for its Management System and continues to be independently audited by BSI Management Systems to ensure ongoing compliance.



Our Staff

At CHC, we're all about fostering social cohesion. So it's not surprising that we take the same approach to our own working environment.

We are committed to maintaining a workplace that promotes safe work practices, tolerance and teamwork. Each and every staff member contributes to our strong organisational culture, helping to build a united and productive environment that is free of discrimination or harassment.

While sharing common goals and objectives is crucial to our success, recognising individual performance and personal development is also important.

We undertake annual performance reviews to ensure that credit is always given where credit is due. We also maintain training and development programs, so that our staff are able to advance in both their personal and professional lives. Meanwhile, our employee health and wellbeing program, and our flexible workplace options, recognise that each team member has different needs to reach his or her potential.

Going into 2017, our organisation will begin to operate under three distinct divisions: Development, Operations, and Corporate Services. This will naturally mean some changes for our staff, but we are confident our devoted team will adapt quickly.

After all, our staff are the vital ingredient to CHC remaining a leading provider of affordable housing.

Our Tenants

Gaps in affordable rental accommodation in Canberra are very real and persistent. CHC continues to work hard to fill those gaps, particularly for those in the lower income sectors of our community.

While May 2016 figures from the Australian Bureau of Statistics suggest that Canberrans are generally the highest earners in the country, these figures give a false impression of the reality on the ground. Average ACT income is skewed by the territory's many high-paying public sector jobs.

The truth is that Canberra faces significant challenges and social issues affecting the provision of affordable housing. As well as the broader and ongoing issues of a national economy in transition, challenges specific to the ACT include:

- Higher youth unemployment
- Greater disparity between wages and rents
- Higher costs of living
- Limited land supply
- Low residential rental vacancy rates

According to the 2016 Anglicare Australia Rental Affordability Snapshot, which highlighted factors influencing housing affordability in Canberra and Queanbeyan, those at most risk are young people, single parents, older people and single workers.

At CHC, we play a vital role in alleviating housing affordability pressures by offering properties to eligible tenants at 74.9% of current market rents. The tables and charts below provide more information about the people we are helping.

CHC's 445 tenancies house 1084 individuals, from which the following demographic data was extracted

Gender		Housing needs	
601	483	32	70
Female	Male	Indigenous	Person with a disability

Household composition			
Single	Single with extra adult	Single with one (1) child	Single with one (1) Child and one (1) adult
101	17	46	5
Single with two (2) children	Single with three (3) children	Single with four (4) children	
39	11	2	
Couple	Couple with one (1) child	Couple with two (2) children	Couple with three (3) children
32	38	53	25
Couple with four (4) children	Other family groups	Managed by third-parties*	Untenanted
11	31	25	9

*Third-parties include Havelock Housing Association, Capital Community Housing and Tamils.

Our Eligible Tenants

Figures based on a
single-person household

Social Rental

25% of income +
Commonwealth
Rent Assistance

Very low income under \$35,700

Affordable Rental

74.9% of market rent

Low income up to \$48,500

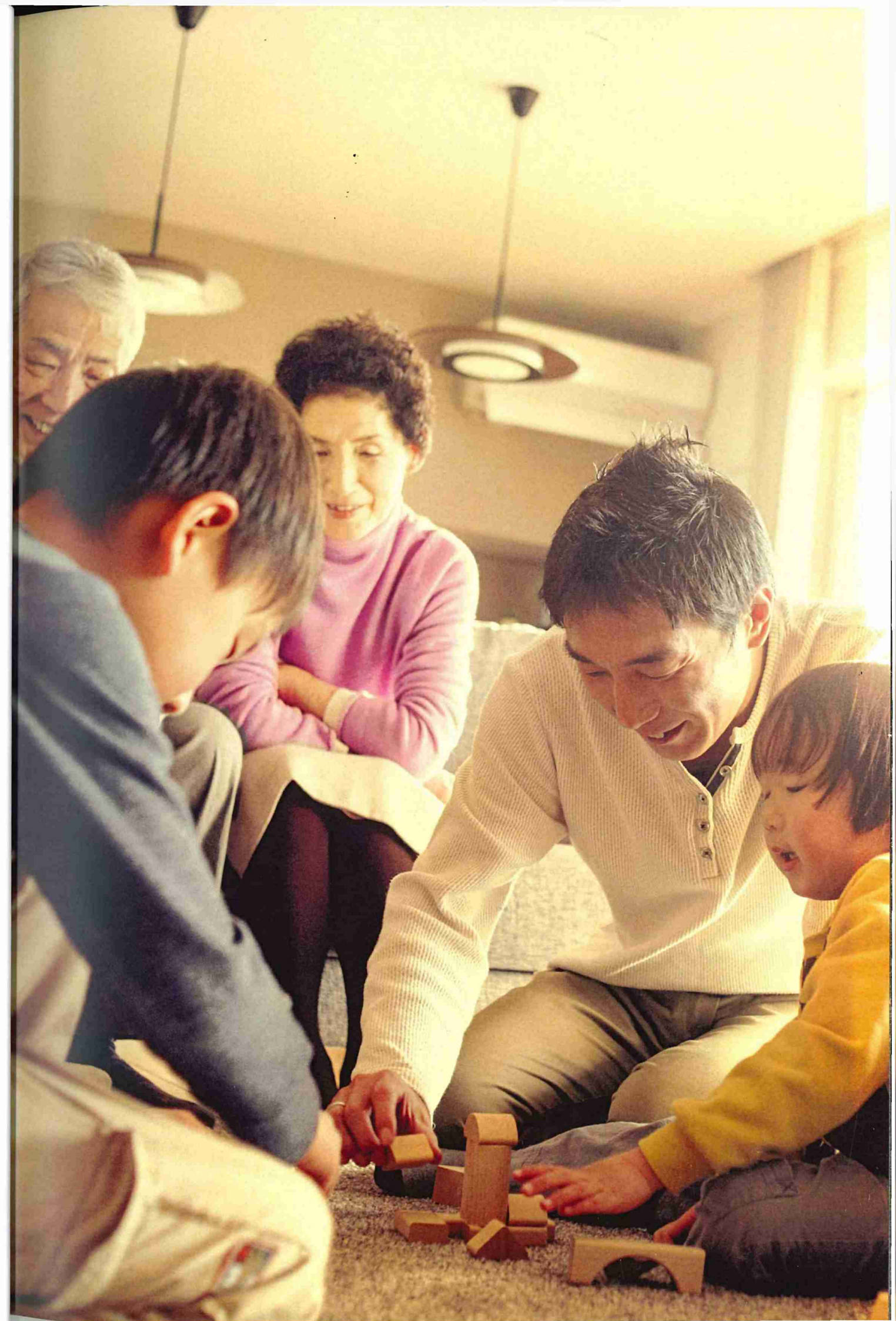
Private Rent

\$market rent

Income over \$48,500

Prior to securing CHC housing,
individuals have identified their
housing circumstances on their
initial application as:

Housing is inappropriate for needs	132
Very high rental housing costs	71
Homeless	41
Life or safety at risk in their accommodation	16
Health condition was aggravated by their housing	12



Tenant Feedback

Some recent and unedited comments from past and present CHC tenants.

Suburb: Bonner

"I would like to thank CHC for what they do and the help they have afforded me and my family. I was a student from Sydney when I first came to Canberra to look for accommodation for my family, before commencing my scholarship studies for a Master in Pharmacy at the University of Canberra. I was looking at regular rentals before I found out about CHC. Through checking on their website and speaking with CHC, I was able to secure a two-bedroom CHC unit in Holt in 2009. Our second child was born while we lived here and we wanted to move to a house so we'd have more space. So we contacted CHC to see if there were any options for us and we were able to move to a three-bedroom CHC house in Bonner in 2012. Over five years with CHC, paying only 75% of the market rent, we saved enough money to buy our own house. I would have liked to buy a CHC house, but there were none available for sale then. In April 2016, we signed a contract to build our own home in Moncrieff under the land rent scheme and we would not have been able to do this without the helping hand CHC provided for those five years."

Suburb: Bonner

"CHC has such nice properties, they are immaculate! We have no complaints. We really like that it is so easy to contact CHC staff and get feedback immediately. If something needs fixing, CHC responds quickly and, if it cannot be fixed, it is replaced quickly – as was the case with our dishwasher. We moved from a unit in Duffy to a CHC house in Bonner and it is our dream to live in a two-storey house like the ones CHC has recently launched in Lawson."

Suburb: Bonner

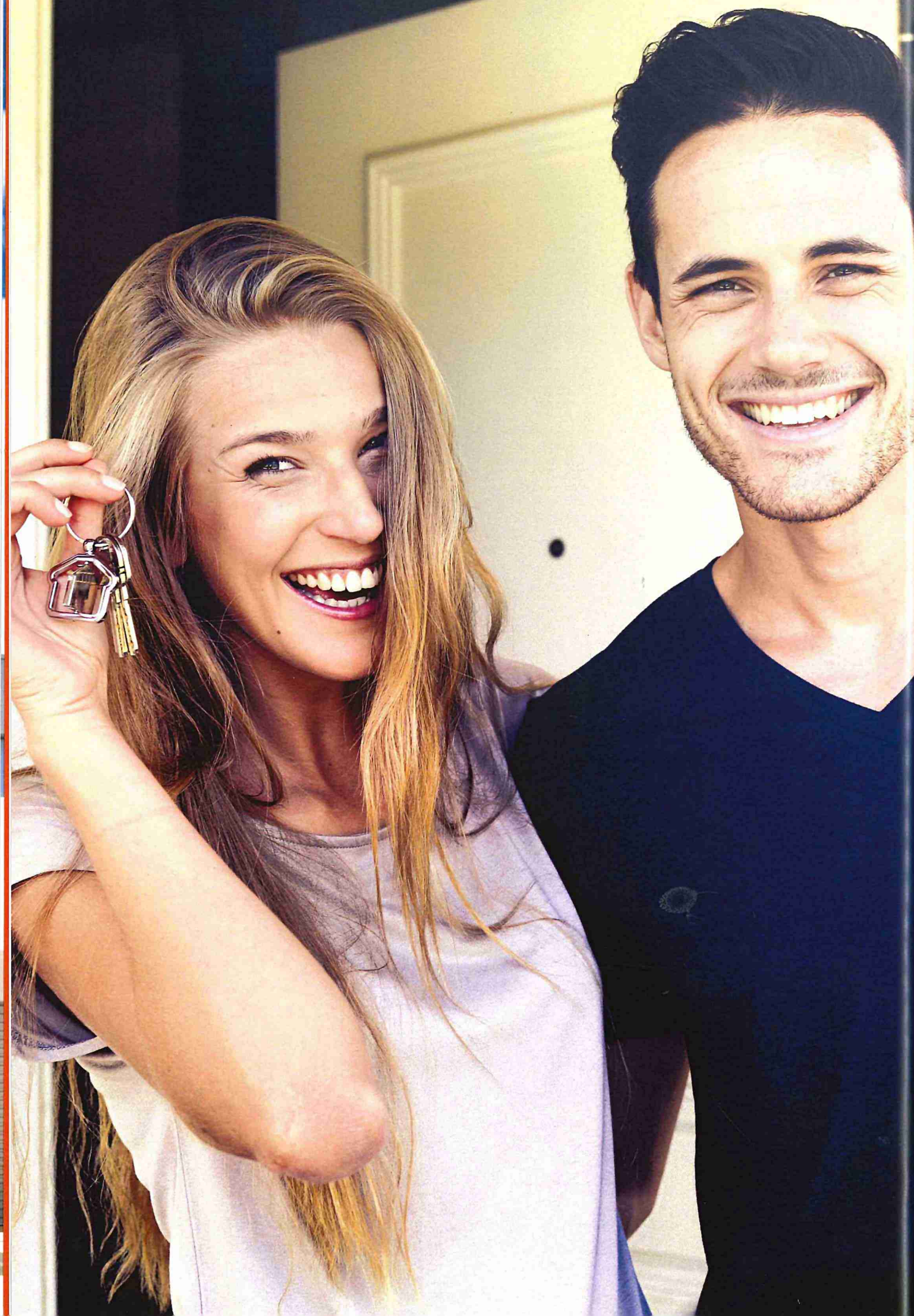
"We are really happy to be living in a CHC property. As opposed to a regular landlord, we will not be asked to move because the landlord has decided to sell the house! We had this experience twice previously, and moving incurs cost for us and is very unsettling for the family. So, as CHC tenants, we have a better sense of security and feel much more settled. Additionally, there is better flexibility with CHC in the things we can do to make the house feel more like home, so there is a higher sense of belonging for us. CHC's tenancy services and maintenance are also quick to respond if something needs changing or fixing."

Suburb: Lawson

"CHC's houses are well designed to be functional. The rooms are spacious and having two bathrooms is really practical for a family with growing children. It is also well located close to all the amenities and activities my family needs access to. I am really glad to see CHC's new houses in Lawson use electric reverse-cycle heating and cooling."

Suburb: Wanniasa

"I just wanted to say a HUGE thank-you to you and all the staff at CHC... please pass my thanks on to everyone involved. You made what was a very stressful time just so much easier."



Our Properties

CHC provide accommodation for people from all walks of life.

Our tenants are those with low to moderate incomes. They may be ageing Canberrans, working households and people with a disability. This could include struggling couples or single-parent families, Indigenous Australians or recent arrivals to our country.

Providing an affordable and safe home opens the way for economic and social inclusion and for this reason, our housing portfolio reflects this diversity.

We are constantly working to expand our rental portfolio and range of housing programs. Our offering includes group homes, studio apartments, terrace homes, one-bedroom to three-bedroom apartments and three-bedroom to four-bedroom detached homes.

We are also doing all we can to assist our tenants who aspire to home ownership to make this transition.

Quick Facts

NRAS Investor Dwellings	69
CHC Dwellings	412
Studio	5
1 bed	42
2 bed	154
3 bed	194
4 bed	10
Group Housing	7
CHC tenancies	445
Income based rent	109
Market rebate rent	336



Our Developments

As well as delivering appropriate housing design, CHC is committed to offering our tenants a range of locations and lifestyle choices. This has seen us make progress in 2015-16 on development projects from the inner northern suburbs to Canberra's major growth corridors.

Symphony Park

Symphony Park was developed to deliver high-quality, entry-level properties in the Gungahlin area. Located on Flemington Road in Harrison. This year, we have completed stage 2 which comprised 82 units and 20 terraces and finalised construction for stage 3, which included a further 56 units. The project targeted first home buyers and was delivered under the Commonwealth Government's Housing Affordability Fund, which included a \$20,000 rebate for eligible purchasers.

A number of purchasers at Symphony Park had previously been tenants in a CHC rental property and were able to successfully move into home ownership.

McKellar

In March 2016, CHC completed 'Disability House' – a new four-bedroom home 'built to spec' for and featuring accessible design throughout, for those with a disability who want to live more independently. Demand for independent living housing is growing and over the next five years CHC is focusing on the delivery of more accommodation for people with disability Canberrans.

Lawson

The new greenbelt pocket of Lawson is one of the most coveted residential areas in the ACT. Our Lawson project has delivered a mix of nine rental properties and six courtyard homes on 250sqm blocks. The properties are located between Sliprail and Swagman Streets, and are an excellent example of quality housing on compact blocks.

Downer

Through a series of consultations and workshops, we undertook a rigorous engagement process to ensure that all stakeholders could be involved in the design and redevelopment of the former Downer Primary School site. As a result of this engagement process, we produced a masterplan that will deliver over 150 townhouses and apartments in stages 1 and 2 and over 100 independent living units in stage 2. Following development approval of the masterplan, we are aiming to lodge a development application later this year and release stages 1 and 2 to the market in 2017.



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

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

Community Housing Canberra Limited
 (A company limited by guarantee)

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Community Housing Canberra Limited
(A company limited by guarantee)

Corporate information

Company number ACN: 081 354 752

Directors
C Alexander (Chair)
P Green (Deputy Chair)
C Moore
R Bear
R Vassarotti
C Wall

Company Secretary S Seesink

Registered Office
224/29 Braybrooke Street
Bruce ACT 2617

Principal place of business
224/29 Braybrooke Street
Bruce ACT 2617

Banker
Westpac
Cnr Badham St & Woolley St
Dickson ACT 2602

Auditor
ACT Audit Office
P O Box 275
Civic Square ACT 2608

Community Housing Canberra Limited
(A company limited by guarantee)

Directors' Report for the Financial Year Ended 30 June 2016

The Directors present this report to the members of Community Housing Canberra Limited ("the Company") for the year ended 30 June 2016 and the auditor's report thereon.

Directors

The Directors of the Company at any time during the year and to the date of this report are:

	Date appointed	Date ceased	Directors' Meetings		Audit	
			A	B	A	B
Mr Colin Alexander (Chair)	30 Oct 09		9	10	-	-
Mr Paul Green (Deputy Chair)	30 Oct 11		10	10	5	5
Ms Cathi Moore	30 Oct 07		8	10	4	5
Mr Richard Bear	27 May 08		9	10	5	5
Ms Kim Werner	30 Oct 09	24 Nov 15	6	10	-	-
Ms Rebecca Vassarotti	26 Nov 13		7	8	-	-
Ms Clare Wall	8 Sep 15		9	10	-	-

A Number of meetings attended

B Number of meetings held during the time the director held office during year

Ms Kim Sinclair was Company Secretary until 30 July 2015. Mr Stephen Seesink was appointed as the new Company Secretary on 30 July 2015. KPMG, Sydney, is the Company's ASIC agent.

Details of directors' qualifications, experience and special responsibilities can be found on page 8 of this report.

Directors' Interests and Benefits

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

Environmental Regulations

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

Short and Long Term Objectives and Strategies

The Company's short and long term objectives are to: improve access to affordable housing; create appropriate housing; improve service delivery; and develop organisational capacity through efficient corporate governance.

The Company's strategy for achieving these objectives includes: developing new ways to deliver affordable housing; improving housing choice by the inclusion in development projects of adaptable or accessible housing for rent or sale to people with disabilities; improving the quality of housing provided to tenants; and periodically reviewing operations to ensure compliance with the requirements of a Charity and Public Benevolent Institution.

Principal Activities

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

1. continuing to provide rental rebates to Rebated Rent tenants in existing stock;
2. continuing to provide rental rebates to Affordable Rent tenants in existing stock;
3. continuing to provide rental rebates to National Rental Affordability Scheme (NRAS) tenants in existing stock;
4. continuing to refurbish and redevelop transferred stock to improve the standard of that stock;
5. increasing the supply of affordable housing properties available for sale through the development program;

Community Housing Canberra Limited
(A company limited by guarantee)

Directors' Report for the Financial Year Ended 30 June 2016 - continued...

Principal Activities - continued...

6. increasing the supply of affordable housing properties available for rent by eligible applicants through the capital works program;
7. continuing to participate in the supply of affordable housing properties available for rent by eligible applicants under the ACT Government's Land Rent Scheme (LRS) through the construction of 9 land rent blocks in Lawson. Construction was completed in May 2016;
8. continuing construction of 6 properties in Lawson providing quality 3 bedroom detached homes for sale;
9. completion of stage 2 (82 units) and stage 3 (20 terraces) of the Symphony Park project at Harrison. This development targeted first home buyers through the provision of \$20,000 rebate under the Commonwealth Government's Housing Affordability Fund;
10. continuing construction of stage 3 (56 units) of the Symphony Park project at Harrison. Similar to stage 2, targeting first home buyers through the provision of rebates of \$20,000 under the Commonwealth Government's Housing Affordability Fund;
11. continuing to administer the NRAS non-entity joint venture (NEJV) product, which provides for NRAS incentives to be allocated to properties not owned by the Company, thereby allowing these properties to be rented to qualifying tenants at 80% of market rent; and
12. finalising design and planning works for construction of affordable housing options in a mix of terraces, units, independent living units and commercial units in the suburb of Downer.

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

Performance measures

The Company's primary performance measure reflects its mission to provide affordable housing, for both sale and rent, to people on low to moderate incomes. During the 2016 financial year, a total rental subsidy of \$2.8 million was provided. 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 2016 as follows:

Tenancy model	2016 \$	2016 Tenantable areas
Rebated Rental Rebate	1,292,585	109
Affordable Rental Rebate	1,547,347	336
Total Rebate	2,839,932	445

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 national community housing and not-for-profit regulatory requirements.

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 (2014-15: \$1,500).

Events Subsequent to Balance Date

Since the reporting date, other than the matter(s) discussed above, 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.

Community Housing Canberra Limited
(A company limited by guarantee)

Directors' Report for the Financial Year Ended 30 June 2016 - continued...

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 \$19,837 in respect of directors' and officers' liability and legal expenses insurance contracts for current and former directors and officers, including senior executives of the Company.

The insurance premiums relate to:

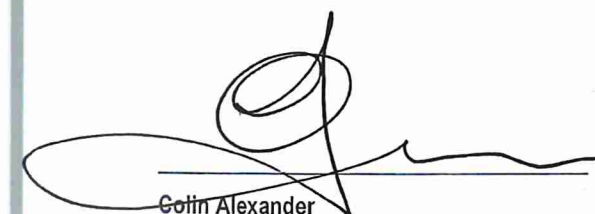
- costs and expenses that may be incurred by the relevant officers in defending proceedings whether civil or criminal brought against them in their capacity as officers of the Company and whatever the outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving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

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

Auditor's Independence Declaration

The Auditor's independence declaration in accordance with s.307C of the *Corporations Act 2001* is set out on page 7 and forms part of the Directors' report for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors made pursuant to s. 298(2) of the *Corporations Act 2001* on behalf of the Directors:


Colin Alexander
Chair

Canberra 27 October 2016


Paul Green
Deputy Chair



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY



Auditor's Independence Declaration

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 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Yours sincerely

Dr Maxine Cooper
Auditor-General

26 October 2016

Community Housing Canberra Limited
(A company limited by guarantee)

Directors' qualifications, experience and special responsibilities

Name	Qualifications	Experience	Special responsibilities
Colin Alexander	OAM, BA (Acc), FCPA	Extensive corporate finance and accounting expertise and over 30 years' experience in the land development and construction industry. CEO of ASX listed CIC Australia Ltd since its founding in 1986 to 2015, Director of Alexander Management Services Pty Ltd. Chairman of the Canberra MBA Fidelity Fund, Board member of the ACT Property Council, Board member of Canberra Business Chamber and Board member of the MBA Skills Centre Building Fund. Board member since October 2009.	Chair
Paul Green	MG, BA, LLB (Hons)	Provides legal advice to property developers and major builders nationally and internationally on project delivery including structure, tax, acquisition, construction and financing. Previously managing partner of Meyer Vandenberg Lawyers following an initial 21 year career as an officer in the Australian Regular Army. Has previously lectured in Building and Construction Law at the University of Canberra. Board member of the Lidia Perin Foundation. Board member since October 2011.	Deputy Chair Member (Audit Committee)
Richard Bear	BCom	Executive responsibility for financial management, information technology and human resource management. Prior Assistant Secretary within the Department of Veterans Affairs, an Assistant General Manager of the Child Support Agency, and the General Manager, Development and Construction for Defence Housing Australia. Board member since May 2008.	Director Member (Audit Committee) Grace Developments Pty Ltd (CHC nominee)
Cathi Moore	BA (Soc Sci)	Extensive experience in public administration, both in the social policy and program management areas and has a wide range of experience in the community sector. 10 years at the Senior Executive Level managing a range of commercial and operational areas and reviewing the efficiency and effectiveness of government services in the former Commonwealth Department of Administrative Services (DAS). President Parentline ACT Inc. Board member since October 2007.	Director Chair (Audit Committee) Member (Community Committee)
Rebecca Vassarotti	BA/MEnvLaw	Currently works as an independent consultant in addition to serving as a community member of the ACT Civil and Administrative Tribunal and on the board of the ACT Gambling and Racing Commission. Prior experience has included working at senior levels in national peak organisations, including the Australian Council of Social Service and Consumers Health Forum and leading the YWCA of Canberra. Prior to this was a senior officer in the ACT Government. Previous Government appointments have included the National Implementation Panel to Reduce Violence Against Women and Children, the ACT Portable Long Service Leave Board and the Government Delegation to the 2013 United Nations Commission for the Status of Women. Board member since November 2013.	Director Chair (Community Committee)
Clare Wall	B Ec, Dip Rec. PI, M Pub Pol.	Currently working as an Associate 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. Appointed 8 September 2015.	Director Member (Community Committee)
Kim Werner	BA/LLB Grad Dip (Population Health)	Executive experience in the non-government sector and former accredited Mediator and Facilitator. Previous appointments include Manager, Women's Centre for Health Matter Inc, Deputy Director, Toora Women Inc, and Governance and Planning Manager, Secretariat of National Aboriginal and Islander Child Care Inc. Currently holds the position of Deputy Chair, Private Mental Health Consumer Carer Network (Australia). Ceased 24 November 2015.	Director Member (Community Committee)

Community Housing Canberra Limited
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Statement of comprehensive income	Note	2016	2015
For the year ended 30 June 2016		\$	\$
INCOME			
Rental revenue	5 (a)	8,081,120	7,117,529
Development sales revenue	5 (b)	29,881,124	10,609,273
Management fees	5 (c)	35,782	37,804
Other income	5 (d)	120,246	236,004
TOTAL INCOME		38,118,272	18,000,610
EXPENSES			
Asset management expenses		(2,101,559)	(2,373,989)
Bad debts		(20,579)	(1,287)
Cost of developments sold	6 (a)	(27,180,650)	(8,718,363)
Development expenses	6 (b)	(101,551)	(102,812)
Administrative expenses		(617,414)	(521,287)
Depreciation and amortisation	6 (c)	(1,403,633)	(1,472,862)
Employee expenses	7	(1,729,235)	(1,744,201)
Loss on disposal, transfer or impairment of property, plant and equipment and intangible assets	6 (d)	(138,770)	(151)
Selling expenses		(1,086,429)	(399,826)
TOTAL EXPENSES		(34,379,820)	(15,334,778)
Finance income	8 (a)	833,762	1,351,690
Finance expenses	8 (b)	(1,549,416)	(1,941,484)
Net finance cost		(715,654)	(589,794)
NET SURPLUS FOR THE PERIOD		3,022,798	2,076,038
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Increase in the asset revaluation surplus	21	307,471	368,503
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net changes in fair value of available for sale financial assets	21	-	(488,842)
Other comprehensive income / (deficit) for the period		307,471	(120,339)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,330,269	1,955,699

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

Community Housing Canberra Limited
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Statement of financial position	Note	2016	2015
As at 30 June 2016		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	10	28,306,837	22,760,431
Trade and other receivables	11	256,986	642,326
Inventory	12	13,397,807	15,849,536
Other assets	13	2,365,875	2,399,686
TOTAL CURRENT ASSETS		44,327,505	41,651,979
NON-CURRENT ASSETS			
Capital works in progress	14	8,390	11,684
Inventory	12	692,124	2,033,227
Property, plant and equipment	9	147,400,706	145,801,308
Investments in available-for-sale equity instruments	15	72,013	72,013
Intangible assets	16	-	89
TOTAL NON-CURRENT ASSETS		148,173,233	147,918,321
TOTAL ASSETS		192,500,738	189,570,300
CURRENT LIABILITIES			
Trade and other payables	17	2,073,104	2,283,775
Employee benefits	18	157,654	114,079
Interest-bearing debt	4	309,546	264,545
Other provisions	19	70,521	-
Other liabilities	20	171,059	164,768
TOTAL CURRENT LIABILITIES		2,781,884	2,827,167
NON-CURRENT LIABILITIES			
ACT Government loan	4	68,112,000	68,112,000
Interest-bearing debt	4	8,017,668	8,372,216
TOTAL NON-CURRENT LIABILITIES		76,129,668	76,484,216
TOTAL LIABILITIES		78,911,552	79,311,383
NET ASSETS		113,589,186	110,258,917
EQUITY			
Asset revaluation surplus	21	57,771,788	57,552,317
Available-for-sale financial asset surplus	21	62,090	62,090
Retained earnings		55,755,308	52,644,510
TOTAL EQUITY		113,589,186	110,258,917

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

Community Housing Canberra Limited
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Statement of changes in equity For the year ended 30 June 2016	Retained Earnings \$	Asset Revaluation Surplus \$	Available-for- sale Financial Asset Surplus \$	Total Equity \$
Opening balance at 1 July 2014	50,568,472	57,183,814	550,932	108,303,218
Net surplus for the period	2,076,038	-	-	2,076,038
Other comprehensive income				
Revaluation of land and buildings	-	368,503	-	368,503
Revaluation of available-for-sale financial assets	-	-	(488,842)	(488,842)
Total comprehensive income / (deficit) for the period	2,076,038	368,503	(488,842)	1,955,699
Transfer of revaluation increment for assets disposed of	-	-	-	-
Closing balance at 30 June 2015	52,644,510	57,552,317	62,090	110,258,917

	Retained Earnings \$	Asset Revaluation Surplus \$	Available-for- sale Financial Asset Surplus \$	Total Equity \$
Opening balance at 1 July 2015	52,644,510	57,552,317	62,090	110,258,917
Net surplus for the period	3,022,798	-	-	3,022,798
Other comprehensive income				
Revaluation of land and buildings	-	307,471	-	307,471
Revaluation of available-for-sale financial assets	-	-	-	-
Total comprehensive income for the period	3,022,798	307,471	-	3,330,269
Transfer of revaluation increment for assets disposed of	88,000	(88,000)	-	-
Closing balance at 30 June 2016	55,755,308	57,771,788	62,090	113,589,186

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

Community Housing Canberra Limited
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Statement of cash flows For the year ended 30 June 2016	Note	2016 \$	2015 \$
Cash flows from operating activities			
Cash receipts from customers		8,082,697	6,919,796
Cash payments to suppliers and employees		(7,490,580)	(5,305,920)
Interest and dividends received		1,073,294	1,810,834
Interest paid		(1,935,788)	(2,208,295)
Proceeds from the sale of inventory and properties		29,873,781	10,609,273
Construction of inventory and new properties		(24,475,285)	(12,248,328)
Goods and Services Tax collected from customers		2,829,786	931,405
Goods and Services Tax input tax credits paid to the Australian Taxation Office		623,662	(236,143)
Goods and Services Tax paid to suppliers		(2,628,901)	(1,417,289)
Net cash provided by / (used in) operating activities		5,952,666	(1,144,667)
Cash flows from investing activities			
Payments for plant and equipment		(98,075)	(19,871)
Proceeds from the disposal of plant and equipment		1,362	30,806
Net cash provided by / (used in) investing activities		(96,714)	10,935
Cash flows from financing activities			
Repayment of loans		(309,546)	(709,597)
Net cash (used in) financing activities		(309,546)	(709,597)
Net increase / (decrease) in cash and cash equivalents		5,546,406	(1,843,329)
Cash and cash equivalents at the beginning of the year		22,760,431	24,603,760
Cash and cash equivalents at the end of the year	10	28,306,837	22,760,431

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

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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 2016 were authorised for issue in accordance with a resolution of the directors on 27 October 2016.

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 *Corporations Act 2001*. The Company is a not-for-profit entity for the purposes of preparing the financial statements.

Historical cost convention

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

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

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

Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

(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 3 - Determination of fair values
- Note 15 - Investments in available-for-sale equity instruments

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

(c) Changes in accounting policies

There were no changes to the Company's accounting policies during the year ended 30 June 2016.

(d) Revenue recognition

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

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

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

Community Housing Canberra Limited
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Notes to the financial statements - continued...

2. Summary of accounting policies - continued...

(d) Revenue recognition - continued...

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

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

(e) Expenses

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

(f) Finance income and finance expenses

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

Finance expenses comprise: interest expense on borrowings; losses on disposal of available for sale financial assets; and impairment losses recorded on financial assets (other than trade receivables) which is recorded in profit or loss using the effective interest method.

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

Allowance for impairment of receivables is assessed based on objective evidence and a review of overdue balances, taking into account debts more than 90 days overdue, the amount of individual debts and financial circumstances of those debtors, and any active recovery arrangements in place.

(i) Inventory

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

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

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

Community Housing Canberra Limited
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Notes to the financial statements - continued...

2. Summary of accounting policies - continued...

(j) Assets held for sale

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

(k) Capital works in progress

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

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

(l) Property, plant and equipment

(i) Recognition and measurement

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

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

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

Property, plant and equipment with a minimum value of \$500 is capitalised.

(ii) Revaluation of land and buildings

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

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

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the asset revaluation surplus, except where it reverses a revaluation decrement previously recognised in the profit and loss. When there is a reversal of a previous revaluation decrement through the profit and loss, the amount is credited to profit and loss. 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 profit and loss.

Community Housing Canberra Limited
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Notes to the financial statements - continued...

2. Summary of accounting policies - continued...

(l) Property, plant and equipment - continued...

(iv) 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:

	2016 Years	2015 Years
Buildings	62.5	62.5
Leasehold improvement	3	3
Plant and Equipment		
-Computers	3	3
-Motor vehicles	5-6	5-6
-Office fit out	15	15
-Equipment	5	5
-Furniture and fittings	15	15
-Equipment held under finance leases	Term of lease	Term of lease

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

(v) 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 2015-16 as 4 years (2014-15: 4 years).

(vi) Impairment

The carrying values of property, plant and equipment and intangible assets, are reviewed for impairment at each reporting date, with recoverable amounts being estimates when events or changes in circumstances indicate that the carrying value may be impaired. An impairment loss shall be recorded immediately as an expense in profit and loss, unless the asset is recorded at fair value in which case it is recorded in other comprehensive income and treated as a revaluation decrease.

(vii) 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 profit or loss 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.

Community Housing Canberra Limited
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Notes to the financial statements - continued...

2. Summary of accounting policies - continued...

(m) Financial assets and liabilities

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

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

For investments with no active market, valuation techniques are used to assess fair value, which include consideration of future cash flows and market conditions and other factors that are likely to affect the instrument's fair value, including interest rates, credit risk and volatility. The Company has one such investment, being the 5% shareholding in Crace Developments Pty Ltd (see also Note 3 (b)).

(ii) Loans receivable

Loans receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition the loans receivable are measured at amortised cost using the effective interest method, less any impairment losses. The Company had no loans receivable during the 2015-16 financial year.

(iii) 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 - wages, salaries and annual leave

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

(ii) Long term benefits

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

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

Long service leave: the long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave.

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

(iii) Superannuation

Employees are subject to the Superannuation Choice arrangements. The Company's default fund is AustralianSuper. Employees who choose to join AustralianSuper or other eligible funds have a superannuation guarantee contribution paid into their nominated funds. Contributions are recognised in the statement of comprehensive income when they are due. The Company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

Community Housing Canberra Limited
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Notes to the financial statements - continued...

2. Summary of accounting policies - continued...

(o) Provisions

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

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

(p) Leased assets

Operating Leases are recorded as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(q) 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.

(r) Impairment

(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 profit or loss and an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in the impairment loss is recorded in profit or loss.

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) are impaired. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

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, an impairment loss is recorded in profit and loss. However, because 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. At 30 June 2016, there were no indications that any of the Company's property, plant and equipment assets were impaired.

Community Housing Canberra Limited
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Notes to the financial statements - continued...

2. Summary of accounting policies - continued...

(s) Taxation

Income Tax

Under the provisions of Section 50-5, income 11 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 biennial valuation took place as at 30 June 2015. During the year, properties in the suburbs of McKellar and Lawson were revalued to reflect fair value at completion of construction.

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

Fair value measurement of non-financial assets

Property, plant and equipment	2016 \$	2015 \$
Net fair value of land and buildings	146,714,806	145,100,000

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

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

The Company has one such investment, being its Crace Developments Pty Ltd shareholding. This investment does not have a quoted market price in an active market. As such the Company has based its assessment of fair value on general economic conditions, including interest rates, risk and volatility associated with the investment, in particular the performance of construction and development activities and demand for residential occupancies in the ACT, and whether there is any significant evidence since the last reporting date that would materially affect the fair value of the shareholding. Based on a review of the factors outlined above, including future cash inflows associated with the investment and the financial position of Crace Developments Pty Ltd, the Company has assessed the fair value to have remained at \$72,013. See also Note 15.

Community Housing Canberra Limited
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Notes to the financial statements - continued...

3. Determination of fair values - continued...

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

The following table discloses financial assets measured at fair value on a recurring basis at 30 June 2016.

Fair value measurement of financial assets

Assets	2016 \$	2015 \$
Net fair value of investments in available-for-sale equity instruments	72,013	72,013

4 Loans and borrowings

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

Loans	2016 \$	2015 \$
Current		
- Beyond Bank (formerly Community CPS) loan	309,546	264,545
Total current loans	309,546	264,545

Loans	2016 \$	2015 \$
Non-current		
- ACT Government loan	68,112,000	68,112,000
- Beyond Bank (formerly Community CPS) loan	8,017,668	8,372,216
Total non-current	76,129,668	76,484,216
Total loans	76,439,214	76,748,761

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. Total interest incurred for the financial year was \$1,524,476. Of this amount, \$386,372 (being approximately 25.3% of the interest incurred) has been capitalised to inventory and capital works in progress.

The Beyond Bank (formerly Community CPS) loans represent sixty-nine principal and interest mortgages relating to Land Rent Scheme properties, which are repayable over 25 year terms. Interest costs for the year were \$411,312.

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Notes to the financial statements - continued...

4. Loans and borrowings - continued...

(a) Financing facilities available

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

	2016 \$	2015 \$
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)	50,000,000	50,000,000
- ACT Government loans (28 06 11)	18,112,000	18,112,000
- ACT Government loans total	68,112,000	68,112,000
- Beyond Bank (formerly Community CPS)	8,327,214	8,636,761
Total facilities used	76,439,214	76,748,761
Facilities unused at reporting date:		
- ACT Government facility (28 06 11)	1,888,000	1,888,000
- ACT Government facility total	1,888,000	1,888,000
- Beyond Bank (formerly Community CPS)	4,308,728	3,999,182
Total facilities unused	6,196,728	5,887,182

ACT Government Loans – 4 February 2008 and 28 June 2011

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

Beyond Bank (formerly Community CPS)

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

(b) Banker's undertakings

The Company has obtained the following banker's undertakings, which remain outstanding at 30 June 2016:

- 1 25 June 2008, \$6,000 to the Environment and Planning Directorate (EPD) – for verge works at the Forde development,
- 2 9 December 2008, \$19,000 to EPD – for verge works at The Edge development, and
- 3 30 June 2011, \$6,000 to EPD – for infrastructure works at the Eclipse development.

Items held as security

Westpac Banking Corporation continues to hold 20 properties as security located at City Edge and Village Vue. This arrangement is reviewed annually.

Community Housing Canberra Limited
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Notes to the financial statements - continued...

5 Income

	2016 \$	2015 \$
(a) Rental revenue		
Public rebated rental income	i 910,848	1,009,922
Affordable housing rental income	ii 847,901	778,988
NRAS housing rental income *	iii 3,617,131	2,773,081
NRAS land rent housing rental income *	iv 2,649,059	2,500,232
Other rental income	56,181	55,306
	8,081,120	7,117,529
(b) Development sales revenue		
Sales proceeds – Eclipse project	-	3,814,520
Sales proceeds – Terraces project	-	6,794,753
Sales proceeds – Symphony Park 2 and 3 projects	v 29,873,781	-
Other development income	vi 7,343	-
	29,881,124	10,609,273
(c) Management fees		
NRAS nonentity joint venture management fees	vii 35,782	37,804
	35,782	37,804
(d) Other income		
Refund of imputation credits from the Australian Taxation Office	viii 112,501	235,714
Grant funding from the Environment and Planning Directorate	ix 2,000	-
Membership	250	290
Other income	x 5,495	-
	120,246	236,004

* National Rental Affordability Scheme (NRAS)

Income notes

- i Public rebated rental income is based on tenancy agreements that assess 25% of household income plus Commonwealth Rental Assistance.
- ii Affordable housing rental income is based on tenancy agreements that charge 74.9% of market rent. Market rent on the Company's housing portfolio is assessed annually by an independent certified valuer.
- iii NRAS housing rental income is based on tenancy agreements that charge 74.9% of market rent and for which an annual subsidy is provided by the Department of Social Services (DSS). Market rent on the Company's housing portfolio is assessed annually by an independent certified valuer. The subsidy is indexed annually by the rental component of the CPI.
- iv NRAS land rent housing rental income denotes revenue derived by using the Land Rent Scheme. The Scheme is an ACT Government initiative to increase access to affordable home ownership and was a recommendation of the Government's Affordable Housing Action Plan. The Company receives NRAS incentives for these properties and as such, discloses rental income separately.
- v Sales proceeds reflects sales of the Symphony Park Stage 2 and Symphony Park Stage 3 Terraces in Harnson throughout the year net of any rebates and discounts. In the year 2015/16, \$1,560,000 of sales discounts were provided to purchasers as part of the Commonwealth Government Housing Affordability Fund.
- vi Other development income relates to occupation fees on delayed settlement.
- vii NRAS non-entity joint venture (NEJV) management fees relate to fees charged by the Company to administer NRAS NEJV incentives allocated to properties not owned by the Company.
- viii The Company received a refund of imputation credits from the Australian Taxation Office (ATO) in relation to the Crace Developments Pty Ltd dividend (see notes 2(d) and 8(a)).
- ix ACT Government Environment and Planning Directorate ACT urban renewal delegation to USA and Canada.
- x Other income includes an employment incentive received to assist people with special needs and cost recovery revenue from tenant related damage.

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Notes to the financial statements - continued...

6 Expenses

	2016 \$	2015 \$
(a) Cost of developments sold		
Eclipse project	-	3,476,653
Terraces project	-	5,241,710
Symphony Park 2 and 3 project	i 27,180,650	-
	27,180,650	8,718,363
(b) Development expenses		
Other development expenses	101,551	102,812
	101,551	102,812
(c) Depreciation and amortisation		
Depreciation	9 1,403,543	1,453,786
Amortisation	16 90	19,076
	1,403,633	1,472,862
(d) Loss on disposal, transfer or impairment of property, plant and equipment and intangible assets		
Loss on disposal/demolition of property, plant and equipment	138,770	151
	138,770	151

Other expenses notes

i Relates to costs incurred in the construction of the Symphony Park Stage 2 and Stage 3 Terraces projects which were both completed in 2015-16.

7 Employee expenses

	2016 \$	2015 \$
Salaries and wages	1,523,693	1,618,338
Superannuation contributions	139,587	146,596
Provision for annual and long service leave	43,575	(47,271)
Other employee expenses	22,380	26,538
	1,729,235	1,744,201

8 Finance income and finance expenses

	2016 \$	2015 \$
(a) Finance income		
Interest earned on cash and cash equivalents	571,260	801,690
Dividends received	i 262,502	550,000
	833,762	1,351,690
(b) Finance expenses		
Interest expense on ACT Government loan	1,138,104	1,480,278
Interest expense on interest-bearing debt	411,312	461,206
	1,549,416	1,941,484

i The Company has a shareholding in Grace Developments Pty Ltd (see Note 15), which declared one dividend during the 2016 financial year. The dividends were fully franked and the imputation credits are refundable to the Company (see Note 5(e)).

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Notes to the financial statements - continued...

9 Property, plant and equipment

(a) Adjustment to fair value

The Company engages four valuation companies when fair value assessments are required, being CB Richard Ellis (V) Pty Limited, Colliers International Consultancy and Valuation Pty Limited, Jones Lange LaSalle Incorporated and MMJ Real Estate.

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 2015. The valuations were conducted by CB Richard Ellis (V) Pty Limited. The fair value of all Company owned property following the revaluations is disclosed below as part of this note.

(b) Property, plant and equipment carrying amount

Carrying amount	TOTAL \$
2015	
Cost or fair value	146,082,223
Less: Accumulated depreciation	(280,915)
Carrying amount at 30 June 2015	145,801,308
2016	
Cost or fair value	149,083,964
Less: Accumulated depreciation	(1,683,258)
Carrying amount at 30 June 2016	147,400,706

The carrying amount of the land and building asset class consists of four types of housing stock as follows:

	2016 \$	2015 \$
Transferred land and buildings	51,806,185	52,565,000
Non-transferred land and buildings	16,715,803	16,030,000
NRAS land and buildings	52,661,473	53,115,000
Land Rent buildings	25,531,345	23,390,000
Total land and buildings	146,714,806	145,100,000
Plant and equipment	685,900	701,308
Total Property, Plant and Equipment	147,400,706	145,801,308

Community Housing Canberra Limited
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Notes to the financial statements - continued...

9. Property, plant and equipment - continued...

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

Reconciliation to carrying amount	Land and Buildings at fair value	Plant and Equipment at cost	Total Property Plant and Equipment
2016			
Carrying amount at 1 July 2015	145,100,000	701,308	145,801,308
Additions - Asset purchases	-	98,075	98,075
Additions - Transfers from capital works in progress	2,737,527	-	2,737,527
Disposals	(139,810)	(1,522)	(141,332)
Valuation adjustments to fair value	307,471	-	307,471
Write back of accumulated depreciation on disposal	1,129	71	1,200
Depreciation for the year	(1,291,511)	(112,032)	(1,403,543)
Balance at 30 June 2016	146,714,806	685,900	147,400,706

10 Cash and cash equivalents

	2016 \$	2015 \$
Petty cash	500	300
Cash at bank	28,306,337	22,760,131
	28,306,837	22,760,431

11 Trade and other receivables

(a) Current

	2016 \$	2015 \$
Trade debtors	80,040	93,423
Less: Allowance for impairment losses	(3,521)	(3,832)
	76,519	89,591
Imputation credits refundable from the Australian Taxation Office	112,501	235,714
GST receivable	-	316,485
Sales proceeds receivable	52,788	-
Other debtors	15,178	536
	256,986	642,326

- i Trade debtors is comprised of rental receivables of \$80,040 of which \$37,468 is considered overdue (30 days +).
- ii Relates to imputation credits associated with dividends received from Crace Developments Pty Ltd during 2015-16 (see Notes 5 and 8).
- iii The net GST position at 30 June 2016 is a creditor and primarily relates to GST payable on the sale of Symphony Park 3 Terraces (see Note 17).
- iv Other debtors includes amounts owing from LJ Hooker in relation to the sale of Symphony Park 3 Terraces that settled prior to 30 June 2016.

Community Housing Canberra Limited
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Notes to the financial statements - continued...

11. Trade and other receivables - continued...

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

	2016 \$	2015 \$
Carrying amount at the beginning of year	(3,832)	(99,299)
Reduction in allowance arising from monies recovered	-	50,716
Reduction in allowance arising from write-off of unrecoverable debt	3,832	48,583
Additional allowance recognised	(3,521)	(3,832)
Carrying amount at the end of the year	(3,521)	(3,832)

12 Inventory

Current

	2016 \$	2015 \$
Available for sale		
Developments - construction costs	174,501	-
Developments - land	12,069	-
Under construction		
Developments - construction costs	11,108,951	14,050,684
Developments - land	2,102,286	1,798,852
	13,397,807	15,849,536

Non-current

Under construction

Developments - construction costs	284,612	1,234,346
Developments - land	407,512	798,881
	692,124	2,033,227

- i At 30 June 2016 one unit in Symphony Park Stage 2 remained available for sale
- ii Current developments under construction are Symphony Park 3b units and six land rent properties in Lawson.
- iii Non-current developments under construction relates to the Downer and Moncrieff projects.

13 Other assets

Current

	2016 \$	2015 \$
Accrued income	2,189,775	2,217,680
Bonds/deposits paid	26,000	7,500
Community Housing property bonds held	-	526
Prepayments	150,100	173,980
	2,365,875	2,399,686

- i Includes \$2,181,275 relating to NRAS incentives which are acquitted annually to the Department of Social Services on a May to April basis.

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Notes to the financial statements - continued...

14 Capital works in progress

	2016 \$	2015 \$
(a) Capital work in progress		
Developments – land and construction costs	8,390	11,684
	<u>8,390</u>	<u>11,684</u>

i At 30 June 2016 the Company has commenced redevelopment of a property in the suburb of Richardson. The McKellar redevelopment was completed during the 2015-16 financial year. This was a pilot project for the National Disability Insurance Scheme program.

(b) Reconciliation of capital work in progress developments carrying amounts

	2016 \$	2015 \$
Carrying amount at the beginning of year	11,684	-
Additions	510,870	11,684
Transfers to property, plant and equipment	(514,164)	-
Carrying amount at the end of the year	<u>8,390</u>	<u>11,684</u>

15 Investments in available-for-sale equity instruments

	2016 \$	2015 \$
Shares – Crace Developments Pty Ltd at fair value	72,013	72,013
	<u>72,013</u>	<u>72,013</u>

Valuation of available-for-sale equity instruments

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

16 Intangible assets

	2016 \$	2015 \$
At cost	254,083	254,083
Less: Accumulated amortisation	(144,242)	(144,153)
Less: Accumulated impairment	(109,841)	(109,841)
Carrying amount at the end of the year	<u>-</u>	<u>89</u>
Reconciliation of the carrying amounts for each intangible asset are set out below		
	2016 \$	2015 \$
Carrying amount at the beginning of year	89	19,165
Additions	-	-
Amortisation	(89)	(19,076)
Carrying amount at the end of the year	<u>-</u>	<u>89</u>

Community Housing Canberra Limited
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Notes to the financial statements - continued...

17 Trade and other payables

	2016 \$	2015 \$
Trade creditors	82,346	481,789
Accrued expenses	1,425,009	1,745,723
GST payable to the Australian Taxation Office	508,062	-
Pay as you go withholding (PAYG) payable to the Australian Taxation Office	27,264	59,210
Employee superannuation and salary packaging liability	12,888	(2,947)
Commission payable	17,535	-
	<u>2,073,104</u>	<u>2,283,775</u>

i Includes an amount of \$46,152 payable to the ACT Audit Office for auditing the financial statements (2014-15 \$44,462). The ACT Audit Office provided no other services to, and received no other benefits from, the Company during the reporting period.

ii The net GST position in 2015-16 is a creditor and primarily relates to GST payable on the sale of Symphony Park 3 Terraces. The net GST position at 30 June 2015 was a debtor to the Company of \$316,485, (see Note 11).

18 Employee benefits

	2016 \$	2015 \$
Current		
Annual leave	109,913	64,417
Long service leave	47,741	49,662
Total current employee benefits	<u>157,654</u>	<u>114,079</u>
Non-current		
Long service leave	-	-
Total non-current employee benefits	<u>-</u>	<u>-</u>

19 Other provisions

	2016 \$	2015 \$
Provision for settlement of construction contracts		
Balance at the beginning of the year	-	1,113,389
Provisions made during the year	116,184	828,756
Payments made during the year	(45,663)	(1,942,145)
Provision unused and reversed during the year	-	-
Balance at the end of the year	<u>70,521</u>	<u>-</u>

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

	2016 \$	2015 \$
Revenue received in advance		
Income received in advance	166,968	161,817
Other	4,091	2,951
	<u>171,059</u>	<u>164,768</u>

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Notes to the financial statements - continued...

21 Equity

Asset revaluation surplus

	2016 \$	2015 \$
Balance at the beginning of the year	57,552,317	57,183,814
Disposals/Transfers		
- Land and buildings	(88,000)	-
Total Disposals/Transfers	(88,000)	-
Revaluation increments / (decrements) on valuation adjustments of		
- Transferred land and buildings	10,836	875,560
- Non-transferred land and buildings	-	(963,016)
- NRAS land and buildings	-	(1,620,774)
- Land Rent buildings	296,635	2,076,733
Total revaluation increments on valuation adjustments	307,471	368,503
Balance at the end of the year	57,771,788	57,552,317

The asset revaluation surplus is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases offset an increase in the value of that class of assets previously recognised in the asset revaluation surplus

Available-for-sale financial asset surplus

	2016 \$	2015 \$
Balance at the beginning of the year	62,090	550,932
- Available for sale financial assets revaluations	-	(488,842)
Total revaluation decrement	-	(488,842)
Balance at the end of the year	62,090	62,090

The available-for-sale financial assets surplus is used to record increases and decreases in fair value of available for sale financial assets until such time as the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in the revaluation surplus is reclassified to profit and loss

22 Commitments and contingencies

(a) Capital expenditure commitments

At the reporting date, the Company has capital expenditure commitments totalling \$12,016,940, (30 June 2015 \$7,269,181) These commitments related to:

- \$3,848,487 in relation to the construction of stage 3 of Symphony Park in the suburb of Harrison, (30 June 2015 \$Nil)
- \$7,600,000 in relation to the settlement of Block 17, Section 61 in Downer (30 June 2015 \$Nil)
- \$568,453 in relation to the construction of 6 units at Lawson (30 June 2015 \$Nil)

In June 2016, the Company settled on 35 Residential Blocks and one community title block in Section 43 of Moncreiff. Construction is expected to commence in the last quarter of 2016, however no contract has been entered into

23 Related parties and related party transactions

(a) Key management personnel

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

Non-executive directors	Executive
Mr Colin Alexander (Chair)	Mr Craig Brennan (Chief Executive Officer) (resigned 1 July 2015)
Mr Paul Green (Deputy Chair)	Ms Kim Sinclair (Chief Executive Officer) (appointed 2 July 2015)
Ms Cathi Moore	Mr Philip Bullas (Chief Financial Officer) (appointed 30 July 2015)
Mr Richard Bear	Mr Garry Taylor (Chief Operations Officer) (appointed 15 Nov 2015)
Ms Rebecca Vassarotti	Ms Lindy Morris (Chief Corporate Services Officer) (appointed 6 June 2016)
Ms Kim Werner (resigned 24 Nov 2015)	Mr Stephen Seesink (Compliance Manager/Co Secretary) (appointed 30 July 2015)
Ms Clare Wall (appointed 8 Sep 2015)	

Community Housing Canberra Limited
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Notes to the financial statements - continued...

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

Changes since the end of the reporting period
Mr Alan Paul Carmody was appointed as a director 2 August 2016

(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	2016 \$	2015 \$
Mr Colin Alexander	Crace Developments Pty Ltd	10,950	10,950
Mr Paul Green	Professional Engagement Group Pty Ltd	5,000	5,000
Ms Cathi Moore		5,000	5,000
Mr Richard Bear		5,000	5,000
Mr Ken Horsham	Solutions Alliance Pty Ltd	-	5,000
Ms Rebecca Vassarotti		5,000	5,000
Ms Kim Werner		2,083	5,000
Ms Clare Wall		4,167	-
		37,200	40,950

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

(c) Key management personnel compensation

	2016 \$	2015 \$
Short-term employment benefits	665,281	681,584
Other long-term benefits (superannuation)	57,083	54,427
	722,364	736,011

(d) Other key management personnel transactions with the Company

Investment in Crace Developments Pty Ltd

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

Professional Engagement Group Pty Ltd

Mr Paul Green is the Practice Director of Professional Engagement Group Pty Ltd. Legal services were provided to Community Housing Canberra Ltd during the year regarding the Downer project totalling \$5,445

Community Housing Canberra Limited
(A company limited by guarantee)

Notes to the financial statements - continued...

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 2016 the number of members was 14 (30 June 2015: 15)

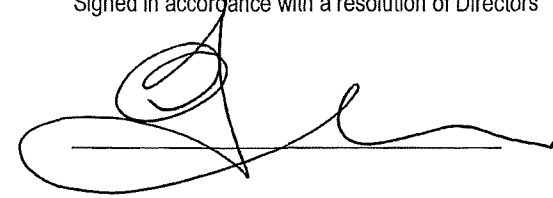
Community Housing Canberra Limited
(A company limited by guarantee)

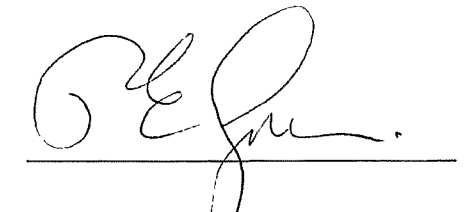
Directors' declaration

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

- (a) the financial statements of the Company as set out on pages 9 to 34 are in accordance with the *Corporations Act 2001*, including
 - giving a true and fair view of the financial position of the Company at 30 June 2016 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 Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*, 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


Director


Director

Canberra ²⁷ October 2016

Symphony Park, Harrison



chcaustralia.com.au

