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Introduction

This is the third Annual Report for Baptcare Affordable Housing (BAH).



BAH commenced business activity in 2013, this was in response to the ongoing commitment by Baptcare Ltd to meet the needs of the most disadvantaged in our community.

This commitment by Baptcare has led to:

- the development of an asylum seeker program, for refugees escaping poverty, war, and violence, providing them with a safe haven (Sanctuary) where they have the opportunity to start a new life
- establishing BAH as a Registered Housing Provider
- the purchase of a former school site in northern Geelong suburbs to provide aged care and affordable housing in an area being decimated by the ongoing closure of manufacturing industries
- tendering to provide aged care and housing management in Broadmeadows, an area that on all counts rates as one of the most disadvantaged in Victoria
- significant capital funding to build new affordable housing properties over the next five years
- exploring ways to provide suitable and affordable housing choices for people with a disability

- the launch of a policy paper encouraging all Australians to start to address the enormous need for affordable housing.

BAH is working collaboratively with Baptcare in a strategic partnership to ensure expertise from both organisations add value to the provision of affordable housing that many agencies on their own are unable to produce.

By being a Registered Housing Provider, BAH can access resources from Government and community in ways that other Not-For-Profit (NFP) agencies are unable to do. Also, by being a part of the Baptcare 'family', BAH has access to resources and expertise that other housing providers do not have.

We believe this is a major advantage that we bring to our tenants and their communities.

We are determined to provide quality and affordable housing, as well as, respect and dignity to our tenants. BAH will continue to develop the partnership with Baptcare to ensure support and services are delivered that enable tenants to have full and meaningful lives in their communities.



Message from the Chair

The subject of housing affordability has increasingly become a national topic for discussion as prices continue to rise and rental housing for low and moderate income households, becomes more confined to a few pockets in the Melbourne metropolitan area.

A Senate Economics Committee is now in the process of reviewing the declining option of home ownership. This is just months after the release of *'The Housing Affordability Challenge'* report which focussed primarily on the rental market. In this first report, a total of 40 recommendations have been put to the Federal Government. Numerous conferences have also been held to try and find ways to address these issues, which increasingly impact on more and more households.

While Baptcare Affordable Housing is still young we have a grand vision to become a significant provider of housing that is well-located, of quality build and affordable to even the lowest income families.

The importance of a house – a place to call home – cannot be overstated. Unless we have stability in our lives, it is difficult to secure ongoing employment. Unless we have somewhere to call home, it is hard to raise a family, to keep children engaged at school, or to have meaningful relationships within a community in which you belong. And unless that house is affordable it is difficult, if not impossible, to keep paying your other bills which give you lighting, heating, clothing, food and the other necessities of life.

In this coming year, we believe this growth will really commence. The 16 units currently being constructed at Wangaratta will soon be completed by Baptcare and will subsequently be leased to BAH to provide more affordable housing in this regional area.

Housing will soon be built by Baptcare at Norlane (a project that BAH management have had significant design input into) that will be leased by BAH to provide a home for some of the most disadvantaged households in our State.

A \$25 million interest free loan by Baptcare to BAH, to be paid over the next five years, will see a number of new projects commence and provide many more affordable rental homes for the disadvantaged. Partnerships are being explored where we can benefit from reduced pricing in an attempt to maximise the value of our spending.

BAH and Baptcare cannot hope to solve the massive shortfall of affordable housing that keeps so many people from having meaningful lives. But as a part of a growing community housing sector we can make a difference.

This Annual Report tells the story of the year just passed and I commend it to you. We are proud of our small beginnings and very grateful for the ongoing support, generosity and engagement of our parent company, Baptcare.

Now we look forward with anticipation to the coming year – a year of growth.

Philip Curtis
Chair of the Board



Chief Executive's Report

BAH, as a subsidiary company of Baptcare, is now into its second full year of operations.

While still only having managed 16 units (5 at Boronia and 11 at Wangaratta) BAH has moved closer to the cusp of its first spurt of growth with a further 16 units, currently being built at Wangaratta and, which should be ready for tenants by October 2015. Effectively, these units will double BAH's portfolio.

BAH has also been gearing up to take on management of newly built public housing properties at Valley Park, Broadmeadows. The project is a major part of our strategy for growth and we continue to negotiate with Government on this exciting project.

We have over the past year presented a strong business case to take on management of 144 units at Valley Park. However, with the State Government election in late 2014 and subsequent change in Government, the new Housing Minister is required to review the Government's housing policies and this has delayed any final decision on the potential management transfer. We are supportive of the new Minister's desire to help the most marginalised in the community and we are continuing our discussion with the Director of Housing with the aim of delivering a positive outcome for both Government and BAH at Valley Park.

Central to the Valley Park project, and to our projects as a whole, is BAH's strong desire to provide a "Place Management" program wherever possible. Place Management is a long-term program that concerns itself not only with managing tenants and properties, but with the well-being and growth of an entire community and its physical infrastructure. The role of the Place Manager is to engage local residents, work with them to create health and well-being opportunities, assist to create employment opportunities, encourage conditions to stimulate local economic growth, and assist with developing, managing and improving local infrastructure.

By having Place Management as a primary goal and by being able to articulate its benefits to local communities, BAH in partnership with Baptcare, has been able to raise \$7.25 million from Federal Government towards an exciting project in Norlane. Our goals for that community are the same as our goals for Valley Park.

Again, in partnership with Baptcare, the Norlane project will produce 52 units of housing, an aged care facility and a community hub. The project, set in the middle of Norlane on the old Primary School site, has the potential to thoroughly rejuvenate this community that because of recent economic downturns and closure of major manufacturing factories and plants, has suffered greatly.

A Planning Permit has been lodged with Council and we look forward to commencing site development at the end of this year.

The really big news, however, is the contributions that Baptcare has made to ensure the success of BAH. At a recent Board meeting of Baptcare, a decision was made to provide BAH with an interest free loan of \$5 million per annum for the next five years. A further \$1.2 million was also given as a grant to assist the process.

BAH is now actively seeking opportunities where these funds can best be invested to provide quality, affordable housing to those in need. With much needed funds for affordable housing development coming from both Baptcare and the Government in 2015, BAH looks forward to making strong in-roads in helping to alleviate the housing shortage over the next year.

Graham Dangerfield
Chief Executive

Achievements

Housing Management

BAH increased its property under management from five units to 16 over the past 12 months. The extra eleven units are located at Wangaratta and are being leased from the Baptist Union of Victoria at peppercorn rates.

The units were constructed in the mid 1990s and are due for significant upgrades. This work is currently ongoing and will continue over the months ahead to ensure comfort and quality living for tenants. A partnership has been formed with Rural Housing Network Ltd to ensure swift response to tenancy issues.

Construction

a) Wangaratta

Thanks to Baptcare's commitment to affordable housing provision, work has commenced on the site adjoining the existing units at Wangaratta. A further 16 units and townhouses are being constructed, with BAH taking responsibility for managing the building program. The units are due for tenanting in October 2015.

The new properties will add to an already close-knit community at Wangaratta. It is intended that the two separate projects will be joined together by a walking track which will pass by a newly built BBQ pavilion and children's playground. The area will provide many opportunities for residents to gather and interact socially.

Tenancies will be offered to low-income households including older people, singles, couples, families and people with disabilities.

b) Norlane

It is anticipated that work will commence early 2016 to construct 52 houses, an Aged Care Facility, and a Community Hub. This is a major project that has been in development phase for almost 18 months in our endeavour to ensure its total responsiveness to community need.

The past 12 months have been spent in an intensive community consultation program to ensure that the building program responds to community desire and demonstrated need. The Community Hub, in particular, has been designed to provide spaces where people can gather and participate in programs of their choosing. A coffee shop was specifically added when many were being heard to complain about having to travel in order to have a quiet coffee with friends. A gymnasium will be incorporated for use by residents of the Aged Care Facility, but also by older locals who have asked for areas that will help them to remain active, and by younger generations who want to maintain fitness.

Fantastic support was received from GROW (G21 Region Opportunities for Work) – an initiative of the Barwon Regions peak organisation to address disadvantage by supporting opportunities for work. GROW prepared a study of jobs to be created as a result of the project and has determined that 66 jobs will be created during construction and a further 130 permanent jobs will be created once the site is operational. This is important news in Norlane, which has one of the highest unemployment rates in Victoria.

Overall, the project has been strongly supported by everyone in the Geelong area. When an application was being prepared for funding assistance through the Federal Government's "National Stronger Regions Fund", letters of support were received from Council, local politicians – both Federal and State, peak industry groups and a range of organisations concerned to see the revitalisation of Northern Geelong. This culminated in a grant of \$7.25 million toward the building costs. Baptcare will fund the remaining costs of more than \$35 million.

c) Valley Park, Broadmeadows

Negotiations with the Department of Health and Human Services to provide Place Management and property management at Broadmeadows have been delayed following Government going into "caretaker" mode prior to last year's State election. We are currently in discussions with the Director of Housing to progress matters further.

Financial Report

Statement of profit or loss and other comprehensive income for the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
Revenue	2	1,303	37
Employee benefits expense		(28)	(23)
Property maintenance		(4)	(6)
Services and utilities		(23)	(10)
Other expenses		(22)	(21)
Surplus/(deficit) before income tax		1,226	(23)
Income tax expense	1(d)	—	—
Surplus/(deficit) for the year		1,226	(23)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		1,226	(23)

Statement of financial position for the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
Current assets			
Cash and cash equivalents	4	1,266	10
Trade and other receivables	5	7	3
Current assets		1,273	13
TOTAL ASSETS		1,273	13
Current liabilities			
Trade and other payables	6	70	36
Total current liabilities		70	36
TOTAL LIABILITIES		70	36
NET ASSETS		1,203	(23)
Equity			
Retained earnings/(Accumulated losses)		1,203	(23)
TOTAL MEMBERS' FUNDS		1,203	(23)

Statement of changes in equity for the year ended 30 June 2015

	Retained Earnings \$000	Total \$000
Balance as at 1 July 2013	—	—
Surplus/(deficit) for the year	(23)	(23)
Other comprehensive income	—	—
Total comprehensive income	(23)	(23)
BALANCE AS AT 30 JUNE 2014	(23)	(23)
Balance as at 1 July 2014	(23)	(23)
Surplus/(deficit) for the year	1,226	1,226
Other comprehensive income	—	—
Total comprehensive income	1,226	1,226
BALANCE AS AT 30 JUNE 2015	1,203	1,203

Statement of cash flows for the year ended 30 June 2015

	2015 \$000	2014 \$000
Cash flows from operating activities		
Receipts from residents, clients and customers	99	34
Proceeds from capital grants, legacies and donations	1,200	—
Payments to suppliers and employees	(43)	(24)
Net cash provided by operating activities	1,256	10
Cash flows from investing activities		
Net cash used in investing activities	—	—
Cash flows from financing activities		
Net cash provided by/(used in) financing activities	—	—
Net (decrease)/increase in cash held	1,256	10
CASH AT THE BEGINNING OF THE FINANCIAL YEAR	10	—
CASH AT THE END OF THE FINANCIAL YEAR	1,266	10

Notes to the financial statements for the year ended 30 June 2015

NOTE 1 – NATURE OF THE COMPANY

Baptcare Affordable Housing Ltd (the Company) is a company limited by guarantee, incorporated and domiciled in Australia. Under its constitution, the Company is unable to distribute its funds to its members by way of dividend or like arrangement. The liability of each member in the event of winding up the Company is limited to ten dollars. As at 30 June 2015, there were 5 members of the Company (2014: 5).

NOTE 2 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of Australian Accounting Standards – Reduced Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012, and other authoritative pronouncements of the Australian Accounting Standards Board (the AASB). Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative numbers are for the period 1 June 2013 to 30 June 2014.

b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (“IFRS”).

c) Critical accounting estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgments and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally. Actual results may differ from these estimates.

The accounting policies detailed in note 2 provide details of these estimates, judgments and assumptions.

d) Income tax and Goods and Services Tax (GST)

The Company is exempt from income tax under Section 50 – 5 of the Income Tax Assessment Act, 1997.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. 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 in the Statement of Financial Position are shown inclusive of GST. Cash flows in the Statement of Cash Flows are inclusive of GST.

e) Impairment of assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Any excess of the asset’s carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Revenue recognition

Revenue from the rendering of services is recognised upon the delivery of the service to the customer. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Donation revenue is recognised as revenue when the cash is received. All revenue is stated net of the amount of goods and services tax.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

h) Receivables

Trade receivables are recorded at amounts due for services rendered less any provision for impairment loss. Accrued income is recorded as income earned which had not been credited to the Company at reporting date.

i) Trade payables

Trade payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

j) New accounting standards and AASB interpretations

Certain new accounting standards and AASB interpretations have been published that are not mandatory for 30 June 2015 reporting periods but contain an option for early adoption. The Company has reviewed each of these new standards and interpretations and is satisfied that they have no impact on the reported financial position and performance of the Company for the year ended 30 June 2015, and therefore there has been no early adoption of these standards.

NOTE 3 – REVENUE

	2015 \$000	2014 \$000
Revenue		
Client fees	—	3
Resident fees	10	34
Tenancy rental	89	—
Donations	1,200	—
Other income	3	—
TOTAL REVENUE FROM OPERATING ACTIVITIES	1,303	37

NOTE 4 – CASH AND CASH EQUIVALENTS

	2015 \$000	2014 \$000
Cash and cash equivalents		
Cash at bank	66	10
Term deposits	1,200	—
TOTAL CASH AND CASH EQUIVALENTS	1,266	10

NOTE 5 – TRADE AND OTHER RECEIVABLES

	2015 \$000	2014 \$000
Trade and other receivables CURRENT		
Prepayments	—	1
Other receivables	7	2
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	7	3

NOTE 6 TRADE AND OTHER PAYABLES

	2015 \$000	2014 \$000
Trade and other payables CURRENT		
Prepayments	62	32
Other receivables	8	4
TOTAL CURRENT TRADE AND OTHER PAYABLES	70	36

NOTE 7 CONTINGENT LIABILITIES

At the date of signing of these accounts, the directors are not aware of any contingent liabilities.

NOTE 8 CASH AND CASH EQUIVALENTS

	2015 \$000	2014 \$000
Cash and cash equivalents		
Amounts received or due and receivable by the auditors for:		
Auditing the financial statements	2	2
Preparation of financial statements	2	2
TOTAL CASH AND CASH EQUIVALENTS	4	4

NOTE 9 – RELATED PARTY DISCLOSURES

Baptcare Affordable Housing Ltd's related parties include its Key Management Personnel and related entities as described below.

The names of the persons to have held office as Directors of the Company at any time during the year are:

Mr P A Curtis
Mr G S Cooper
Mr R S Dawson
Mr C J McKenna
Mrs J R Scenna

The Company is ultimately controlled by Baptcare Ltd.

NOTE 10 – COMPANY DETAILS

Baptcare Affordable Housing Ltd is incorporated in Victoria, Australia.

The registered office of the Company is:

Ground Floor, 1193 Toorak Road, Camberwell, VIC 3124

The principal places of business are:

Ground Floor, 1193 Toorak Road, Camberwell, VIC 3124

NOTE 11 – POST-REPORTING DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

NOTE 12 – MEMBER'S GUARANTEE

Baptcare Affordable Housing Ltd is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2015, the total amount that members of the Company are liable to contribute if the Company wound up is \$50 (2014: \$50).

BAH Board meetings

The Baptistcare Affordable Housing Board meetings attended by Directors.



Left to right: Graham Dangerfield, Chief Executive; Julianne Scenna; Ross Dawson; Philip Curtis, Chairman; Greg Cooper; Christopher McKenna.

Director	Meetings Attended	Meetings Available
Philip Curtis (Chair)	6	6
Greg Cooper	6	6
Ross Dawson	6	6
Christopher McKenna	5	6
Julianne Scenna	4	6

Tenancy Satisfaction Survey



The annual Tenancy Satisfaction Survey was completed on 30 June 2015. The following results were achieved.

Items	Quantity
Number of surveys distributed	14
Number of survey responses received	8
Number of tenants satisfied	8

Moving forward

A new 5 Year Strategic Plan has been approved by the Board that will see BAH grow toward independence.



Proposed community hub to be built at Norlane

Growth will occur in a number of ways:

- Baptcare will continue to lease housing to BAH for management. This includes housing at Boronia, Wangaratta and Norlane,
- BAH will continue to negotiate with the Director of Housing to manage public housing stock on estates where BAH and Baptcare provide Place Management and other community services,
- BAH will develop and own housing as the 5 year Strategic Plan unfolds and the \$25 million fund is utilised.

The focus of BAH, however, is not merely on housing. The primary focus is on the tenants and their wellbeing. The “Place Management” approach will be utilised wherever possible to ensure tenants have enhanced opportunities to participate fully in their communities and to have pride in their “place”.

Place Management is about managing both the physical and social infrastructure of a defined area where housing is provided.

Where necessary, linkages are created between tenants and support agencies, housing and public spaces are maintained to high standards, opportunities for employment are created through partnerships with local government, industry and development of social enterprises, and socialisation is encouraged through community gatherings.

This is a holistic approach to housing provision that encompasses the values of BAH and Baptcare of Respect, Justice, Commitment, Integrity and Co-operation.

Contact

General enquiries

Ground floor/1193 Toorak Road
Camberwell VIC 3124
(PO Box 230, Hawthorn VIC 3122)
Phone: 03 9831 7222
Fax: 03 9831 7272
Email: bah@baptcare.org.au

Media enquiries

Baptcare Affordable Housing media line
Phone: 03 9831 7349
Mobile: 0428 063 664
Fax: 03 9831 7272
Email: bahmarketing@baptcare.org.au