

Baptcare
*Affordable
Housing*

Annual Report

2015-16



Introduction



Baptcare Affordable Housing (BAH) commenced its business activity in 2013 in response to the ongoing commitment by Baptcare Ltd to become more involved in meeting the needs of the most disadvantaged in our community.

This commitment by Baptcare has led to:

- development of an asylum seeker program, totally funded internally, for refugees escaping poverty, war and violence and providing them with a safe haven (Sanctuary) where they have the opportunity to start a new life
- establishment of BAH as a Registered Housing Provider
- purchase of a school site in the northern Geelong suburbs to provide aged care and affordable housing in an area being decimated by the ongoing closure of manufacturing industries
- a tender to provide aged care and housing management in Broadmeadows, an area that on all counts rates as the most disadvantaged area in Victoria
- the commitment of significant capital funding to build new affordable housing properties over the next five years
- exploring ways in which we can provide suitable and affordable housing choices for people with a disability
- launching of a Policy and Position paper to encourage all Australians to begin to address the enormous need.

BAH is working collaboratively with Baptcare in a strategic partnership to ensure expertise from both organisations adds value to the provision of 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. But, by being a part of the Baptcare “family” BAH can have access to resources and expertise that other Housing Providers may not have.

We believe this is a major advantage that we can 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. And we will continue to improve the partnership with Baptcare to ensure support and services are delivered that enable our tenants to have full and meaningful lives in their communities.

Message from the Chair

The past 12 months have proven to be disappointing for people seeking to enter the property market, either through ownership or rental, because housing affordability has continued to decline, homelessness has increased, and Government has shown little resolve to address these issues.

While the entire Australian Community Housing sector has now come together to form a new National peak (Community Housing Industry Australia) and has lobbied hard in the recent election, it still seems that no real changes will come. This is unacceptable for a country of Australia's means.

Despite this melancholy, the Board of Baptcare Affordable Housing (BAH) has been excited over the past 12 months about the potential of our company to assist in addressing these issues.

Last year the BAH Board agreed to a strategic five year plan during which the organisation would grow from managing 16 properties to 500. While this may seem to be a bit fanciful, we believe it is entirely possible. For example: it includes taking on the management of Government housing in areas where Baptcare has a strong or emerging presence (Broadmeadows and Norlane) and by Baptcare providing seed-funding for BAH with a \$25 million loan to begin to build its own balance sheet.

We are also now beginning to see the vision for Norlane emerge both in the form of bricks and mortar as well as in the engagement of the community. A committee has been established to manage the Community Hub and an Advisory Committee formed to provide advice on local needs and aspirations. Our goal to transform lives and communities, not just provide housing, is being realised in this project.

This is also true of Wangaratta. The units were completed and tenants have moved in and, as part of that move, BAH has partnered with Urban Seen to place a community development employee on the site. This will encourage a greater enablement for all tenants to participate in the management of the site and to engage with each other.

Further, we have had success in a recent submission to assist women who have suffered in situations of Family Violence. Four properties will soon be purchased in the Western Suburbs to help address the very important issue and to create new life opportunities for our tenants.

And finally, for this past year, we have taken a first step toward utilising the funding that Baptcare has provided, by purchasing a site in Bayswater on which we can potentially build up to 50 units. We are now looking for three other sites.

So we are on the way.

I would like to thank the Board and Chief Executive for their diligence over the past few years and for the vision they have engendered through those establishment years. To get the purpose and mission focus of the organisation right and to ensure governance is solid is to establish a strong base from which a lot of good things can happen.

I commend this Annual Report to you. It tells the story of our past year, but also points to a future that excites us and of which we can be proud.

Philip Curtis

Chair of the Board



Chief Executive's Report

I am pleased to offer this report in a spirit of optimism. Having started the year with sixteen units, we now have doubled our units under management to thirty-two. A further four will be added within the next few months as a result of a successful application to the Department of Health and Human Services.

The first eight dwellings at Norlane will also be completed and ready for occupancy in early 2017.

We have also purchased a site in Bayswater that has potential to yield up to 50 apartments, of which we will retain around 20 for affordable housing purposes. Once again, this project is focussed on the lives of people who are finding it impossible to pay for housing in the private market, who may be inadequately housed, or who require more appropriate housing in a better location.

The purpose of BAH will always be to grow our housing stock. But the reason we do this is to impact lives and deliver greater hope. Without a home that is affordable and secure it is almost impossible to engage in a meaningful life.

It impacts on our ability to secure stable employment, it is difficult to raise a family, impossible to keep children engaged

at school, or to develop meaningful ongoing relationships. And without a home that is affordable it is impossible to keep up with the costs related to the necessities of life: lighting, heating, clothing, food and entertainment. It is this broader agenda that drives us.

A highlight of our year has been the delivery of the 16 new units at Wangaratta. While taking a little longer to build than originally contemplated, the wait was worth it. These units are of high quality, 7 star ESD ratings and Gold Level accessibility.

This means they can be easily modified for people with disabilities or those who wish to “age in place”. Effectively, these units have doubled our portfolio. We are grateful to our partner agency Rural Housing Network for the smooth transition of tenants into properties and for their ongoing commitment to this site.

As with all projects, BAH aims to ensure support and social inclusion is available to tenants at all times. In partnership with Baptcare and Urban Seed we have allocated one of the new Wangaratta properties to a community development worker to ensure tenants can participate more readily with neighbours and their broader community and have a say in how their properties and tenancies are managed. Tenant engagement is key to tenancy health.

We now look forward to another year. Potentially we will again achieve a doubling of stock under management, which means twice the number of tenants supported into greater opportunities.

I am keen to thank the Board for its strong commitment and support to achieve the goals and strategies that are agreed to by them on an annual basis and implemented by committed staff. We are also very grateful to Baptcare and its generosity and enthusiasm toward our goals. We have high hopes for BAH and greater expectation that our goals will be realised. But it would not be achieved without the strong support of all involved.

Graham Dangerfield
Chief Executive



Achievements



Housing Management

BAH has increased its property under management from 14 units to 25 over the past 12 months with overall housing growth from 16 to 32. (The difference in occupancy being in four new units at Wangaratta still awaiting tenants moving in and three older Wangaratta units undergoing significant upgrade).

The upgrades will continue for the next few months and will include some of the existing tenanted properties. All units at Boronia have now been upgraded and tenants are extremely happy with results.

BAH has also been successful in applying for funding toward 4 further properties and has commenced searching for appropriate housing. The goal for this project is to provide housing as quickly as possible for people with significant housing need.

Construction

a) Wangaratta

Photos are provided within this report of the completed Wangaratta development. These are stunning units that offer tenants the opportunity for “pride in place”. Overall, tenants are extremely happy and have indicated as much on their tenant satisfaction survey.

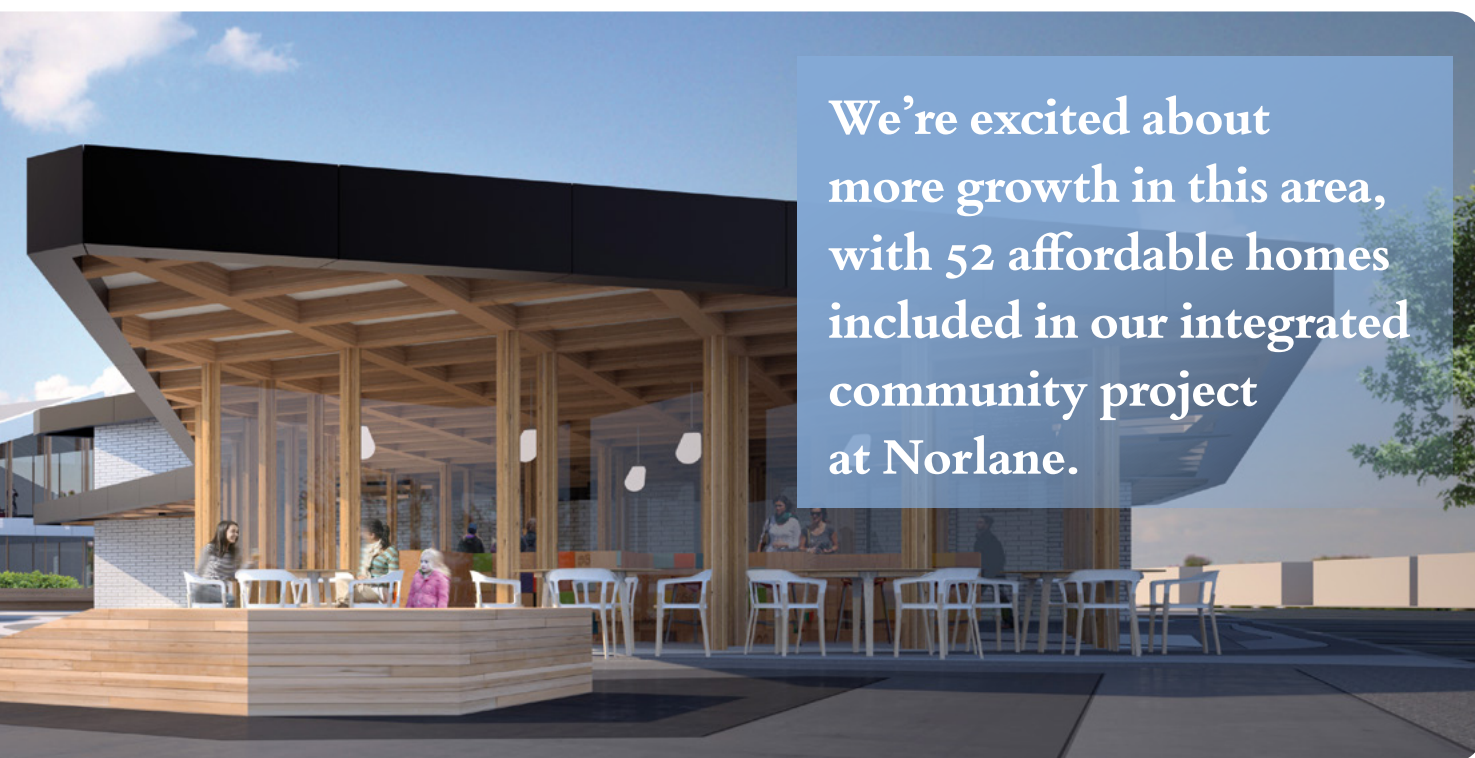
Now that this project has been completed, effort is being poured into the original 11 units at the site (built in 1994) to bring them up to standard that tenants can expect from BAH.

b) Boronia

The 5 units, built in 1976, have all been brought up to standard with new kitchens and bathrooms, carpet as required, and fresh paint and repairs as were necessary. This work was paid for by Bapcare and greatly appreciated by tenants.

c) Norlane

Work at Norlane has now commenced with site works moving toward completion. The site was handed over to the builder in April and works are commencing on the first group of houses. The handover function was a great success with federal politicians from both sides of Government in attendance and representation from a number of local agencies. We now anticipate that the first eight properties will be handed over in early 2017.



d) Valley Park, Broadmeadows

BAH has continued to negotiate with the Minister for Housing and the Director of Housing to implement a Place Management project at Valley Park (Broadmeadows). Our hope remains solid toward fulfilling the intention of providing holistic services to that area in response to the Bapcare Board's decision to work in the most disadvantaged communities.

Work has commenced by Bapcare on the Aged Care facility at Valley Park and the estate is coming on nicely. As stated, BAH has the overall goal of managing the entire estate. This has been agreed to by the developer as well as local community service agencies with whom BAH will partner.

e) Bayswater

Work at Norlane has now commenced with site works moving toward completion. The site was handed over to the builder in April and works are commencing on BAH purchased a 2,000m² site at Bayswater earlier this year. The site is situated at the rear of the Woolworths supermarket and at the end of the shopping strip that services the community. The site is also within easy walking distance to the railway station.

It is proposed that an apartment building comprising 5 levels will be built and that around half of all units be sold.

This achieves two goals: it helps pay for the development and also achieves a mixed tenure development that will have no stigma attached. Again, in line with our vision, the building will contain an indoor/outdoor shared space where all residents in the building can meet.

Demolition and clean-up of the site is occurring at the time of writing so, hopefully, we can provide a full report in next year's Annual Report.

f) Land Acquisitions

BAH has sought further sites for development and will continue to do this through the next 12 months. Unfortunately, during the past 12 months the property market has continued to balloon and unrealistic prices are being asked for sites.

However, it would appear that there is a slight slowdown of this activity and we remain optimistic of securing more land at more reasonable prices.

Financial Report 2015-16



Statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Revenue	3	152	1,302
Employee benefits expense		(31)	(28)
Property maintenance		(18)	(4)
Services and utilities		(26)	(23)
Other expenses		(59)	(22)
Surplus/(deficit) before income tax		18	1,225
Income tax expense	2(d)	—	—
Surplus/(deficit) for the year		18	1,225
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		18	1,226

Statement of financial position for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	4	1,313	1,266
Trade and other receivables	5	4	7
Total current assets		1,317	1,273
Non-current assets			
Land	4	1,999	1,266
Furniture and Fittings	5	4	7
Total non-current assets		2,003	1,273
TOTAL ASSETS		3,320	1,273
Current liabilities			
Trade and other payables	7	2,100	70
Total current liabilities		2,100	70
TOTAL LIABILITIES		2,100	70
NET ASSETS		1,220	1,203
Equity			
Retained earnings/(Accumulated losses)		1,220	1,202
TOTAL MEMBERS' FUNDS		1,220	1,202

Statement of changes in equity for the year ended 30 June 2016

	Retained Earnings \$'000	Total \$'000
Balance as at 1 July 2014	(23)	(23)
Surplus/(deficit) for the year	1,225	1,225
Other comprehensive income	—	—
Total comprehensive income	1,225	1,225
BALANCE AS AT 30 JUNE 2015	1,225	1,225
Balance as at 1 July 2015	1,202	1,202
Surplus/(deficit) for the year	18	18
Other comprehensive income	—	—
Total comprehensive income	18	18
BALANCE AS AT 30 JUNE 2016	1,220	1,220

Statement of cash flows for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
Cash flows from operating activities		
Receipts from residents, clients and customers	154	99
Proceeds from capital grants, legacies and donations	—	1,200
Payments to suppliers and employees	1,896	(43)
Net cash provided by operating activities	2,050	1,256
Cash flows from investing activities		
Payment for property, plant and equipment and investment property	(2,003)	—
Net cash used in investing activities	(2,003)	—
Cash flows from financing activities		
Net cash provided by/(used in) financing activities	—	—
Net (decrease)/increase in cash held	47	1,256
CASH AT THE BEGINNING OF THE FINANCIAL YEAR	1,266	10
CASH AT THE END OF THE FINANCIAL YEAR	1,313	1,266

Notes to the financial statements for the year ended 30 June 2016

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 2016, there were 5 members of the Company (2015: 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 July 2014 to 30 June 2015.

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, judgements 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) Property, plant and equipment

Properties, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. The depreciable amount of all fixed assets, including buildings but excluding freehold land, is depreciated over their useful lives commencing from the time the asset is held ready for use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation on buildings is charged using the straight line method over the estimated useful life of the asset. Depreciation on furniture and equipment including computer equipment is charged using the straight line method over the estimated useful lives of the assets.

	Rate
Class of fixed asset	
Land and buildings	10%
Furniture and fittings	10%

f) 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.

g) 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.

h) Cash and cash equivalents

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

i) 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.

j) 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.

k) New accounting standards and AASB interpretations

Certain new accounting standards and AASB interpretations have been published that are not mandatory for 30 June 2016 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 2016, and therefore there has been no early adoption of these standards.

NOTE 3 – REVENUE

	2016 \$000	2015 \$000
REVENUE		
Client fees	—	—
Resident fees	3	10
Tenancy rental	115	89
Donations	—	1,200
Other income	34	3
Total Revenue from Operating Activities	152	1,303

NOTE 4 – CASH AND CASH EQUIVALENTS

	2016 \$000	2015 \$000
CASH AND CASH EQUIVALENTS		
Cash at bank	113	66
Term deposits	1,200	1,200
Total Cash and Cash Equivalents	1,313	1,266

NOTE 5 – TRADE AND OTHER RECEIVABLES

	2016 \$000	2015 \$000
TRADE AND OTHER RECEIVABLES CURRENT		
Prepayments	–	–
Other receivables	4	7
Total Current Trade and Other Receivables	4	7

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

	2016 \$000	2015 \$000
LAND		
Land and Buildings	62	62
PLANT AND EQUIPMENT		
Furniture and Fittings at cost	62	62
Total Property, Plant and Equipment	70	70

NOTE 7 – TRADE AND OTHER PAYABLES

	2016 \$000	2015 \$000
TRADE AND OTHER PAYABLES CURRENT		
Prepayments	62	62
Other receivables	8	8
Total Current Trade and Other Payables	70	70

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the current financial year are set out below:

	Land \$000	Furniture & Fittings \$000	Total \$000
Balance at 1 July 2015	–	–	–
Additions	1,999	4	2,003
Disposals	–	–	–
Transfers in/(out)	–	–	–
Write offs	–	–	–
Impairment	–	–	–
Depreciation expense	–	–	–
BALANCE AT 30 JUNE 2016	1,999	4	2,003

NOTE 7 – TRADE AND OTHER PAYABLES

	2016 \$000	2015 \$000
CURRENT		
Payables due to related entities	2,077	62
Preparation of financial statements	23	8
Total Current Trade and Other Payables	2,100	70

NOTE 8 – CONTINGENT LIABILITIES

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

NOTE 9 – AUDITOR REMUNERATION

	2016 \$000	2015 \$000
Amounts received or due and receivable by the auditors for:		
Auditing the financial statements	3	2
Preparation of financial statements	4	2
Total Current Trade and Other Payables	5	4

NOTE 10 – 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 11 – 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 12 – 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 13 – 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.



Graham Dangerfield, Chief Executive



Ross Dawson



Philip Curtis, Chairman



Greg Cooper



Christopher McKenna



Julianne Scenna

Director	Meetings Attended	Meetings Available
Philip Curtis (Chair)	8	8
Greg Cooper	9	9
Ross Dawson	7	8
Christopher McKenna	7	8
Julianne Scenna*	6	7

* Julianne Scenna has been granted a leave of absence for the period 20 May 2016 to 28 February 2017

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	11
Number of survey responses received	5
Number of tenants satisfied	5

Moving forward



The five year Strategic Plan launched last year has been reviewed and approved by the Board. Growth will continue to 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 five year Strategic Plan unfolds and the \$25 million fund is utilised.

As stated earlier in this report, the focus of BAH 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 quality standards, opportunities for employment are created through partnerships with local government, industry and development of social enterprises, and socialisation is encouraged through community gatherings and community facilities.

This is a holistic approach to housing provision that encompasses the values of both BAH and Baptcare.

It is also the approach anticipated in the Housing Minister's upcoming policy document. So we believe BAH is well placed to benefit from upcoming Government initiatives.



Contact

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