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Community Housing
INDUSTRY ASSOCIATION

**ANNUAL
REPORT
2016/17**

The national voice for
community housing

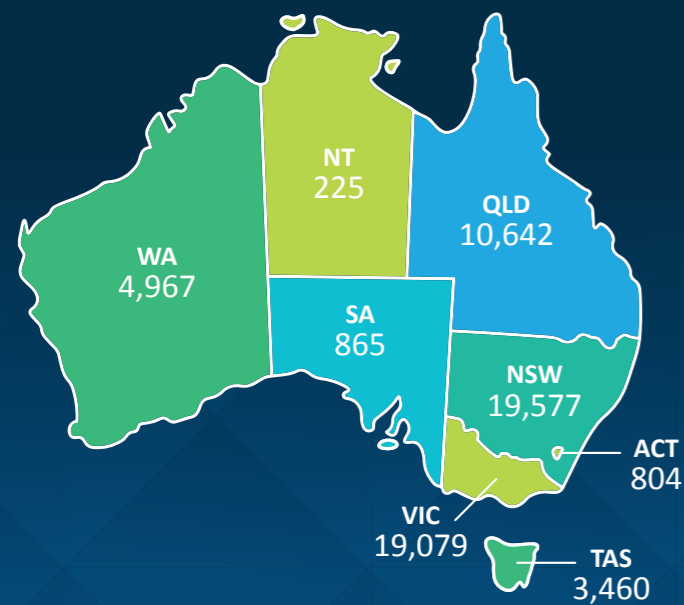


CHIA's vision is to foster a world-class community housing industry in Australia.

Our purpose is to lead, represent and advocate for the Australian community housing industry at a national level.

Member dwelling numbers

CHIA is a truly national organisation; our members own or manage a significant property portfolio across the country.

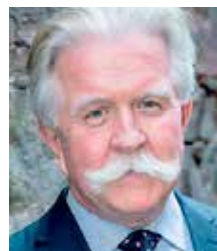


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Chair's Message



MICHAEL LENNON
Chair

As community housing organisations have evolved over the past 10 years – growing in size and capacity, and finding solutions to intractable housing problems – so too the sector has needed to grow and find its own voice in national affairs and policy.

Operating grants from governments, while helpful, in themselves constrain the independence of the sector. In 2014, the withdrawal of Federal funding from the Community Housing Federation of Australia forced us to confront whether we are prepared to create and fund our own industry organisation.

And, with the answer being a resounding yes, this is the abridged story of the Community Housing Industry Association's last 12 months.

In July 2016, CHIA released an important discussion paper, Bringing the community housing sector together, which set out options to explicitly address the relationship between CHIA and state community housing peak bodies.

The new operating model aimed to build on the original vision of a member-driven peak body, set CHIA on a stable footing by equitably sharing the costs of a national peak and allow a vibrant and influential national industry body to emerge.

A workshop with all jurisdictions in May 2017 secured agreement to the new model and I am pleased to report that by June 2017, CHIA had concluded compacts with the Community Housing Federation of Victoria, the Community Housing Council of South Australia, and Shelter Tasmania, and negotiations were well advanced with other jurisdictions.

CHIA has worked with state peaks on a series of submissions to the Productivity Commission's Inquiry into Choice and Competition in Human Services. The Commission handed down its draft report in June, in which it described the current social housing system as 'broken'.

The draft report flagged the inequities between the deep subsidies provided to those in social housing compared to tenants in private rental, and canvassed a range of options to increase tenant choice within a severely constrained social housing supply. It is clear that the reform agenda has some way to run and we look forward to the release of the Commission's final report.

Full membership increased this year from 107 to 125 organisations, with our members holding 59,619 dwellings across every state and territory. Our diverse membership includes large multi-state providers, small community based CHPs and specialist providers of housing for people with disability, women, the elderly, people exiting from primary homelessness and Aboriginal housing associations.

Additionally, our Foundation Members more than pulled their weight with valuable financial support, which helped CHIA expand our member engagement and policy advocacy.

In October, we appointed Peta Winzar to the CEO's role and, within a short space of time, Peta has leveraged her experience at a very senior level within the Canberra bureaucracy to great effect. In January this year, Peta was asked to join the Federal Government's Affordable Housing Panel as the community housing industry's representative. The Panel's work focussed on the development of a bond aggregator that would source funds from wholesale markets to on-lend to community housing organisations on better terms than they can currently obtain from banks.

In the lead up to this year's Federal Budget, CHIA prepared a comprehensive submission to the Treasurer containing 16 recommendations advocating for far-reaching reforms to improve affordability in the broader housing market, and strategies to increase the supply of social and affordable housing.

CHIA cautiously welcomed the Treasurer's Budget announcement of a new approach to social and affordable housing, and proposals for a radical overhaul of the National Affordable Housing Agreement (NAHA). Through the year, we have been advocating that the new Agreement must be situated within

a 10-year national plan for social and affordable housing if it is to achieve real and lasting change.

The 2017 Federal Budget included a set of measures that, collectively, signal a change in government thinking about financing social and affordable housing. Together with complementary measures in (some) state budgets this year, these measures have the potential to significantly alter the financing landscape for social and affordable housing.

I welcome recent moves in South Australia, Victoria and New South Wales to transfer management of 26,000 social housing tenancies to community housing providers over the next few years. This will significantly improve opportunities for tenants and, potentially, the community housing industry. However, contractual requirements that impose unfunded maintenance liabilities or restrictive tenant allocation policies on providers may compromise providers' financial viability, solely to deliver short-term benefits to state governments.

The challenge for the community housing industry will be to re-shape its relationship with governments to deliver on the shared objective of improving housing affordability in a way that benefits governments and the industry, as well as tenants.

As we begin the new financial year, I am confident that the growing clout of our national peak body will enable community housing organisations to take advantage of the flurry of activity that is now underway to address Australia's housing affordability.

Finally, I would like to thank CHIA's Board members and staff for their commitment and contribution during the year.

Executive Director's Report



PETA WINZAR
Executive Director

This has been a year of consolidation for the Community Housing Industry Association. The release of the 'CHIA Mark II' discussion paper in July 2016 proposed a new operating model for CHIA that expanded the member-model, which had initially been adopted to also embrace roles for the state community housing peak bodies.

With the goodwill and support of members and partner organisations, solid progress was made on the new operating model. By the end of June 2017, compacts were concluded with the Community Housing Council of South Australia and Shelter Tasmania, and negotiations were well-advanced with other jurisdictions.

CHIA's staff overcame some stiff challenges this year and resources were stretched to meet shifting – and often competing – priorities as the new organisation found its feet. Thanks are due particularly to Shelly Forceville and Barry Doyle for their hard work, especially over that early part of the year when the organisation was between CEOs.

Shelly and Barry's deep knowledge of the sector and the organisation underpinned CHIA's achievements this year. In April, Kate Robertson took up a dedicated (part-time) media and communications role and immediately made a huge improvement to our communications with members and stakeholders.

CHIA's policy impact and influence at the Federal level has gone from strength to strength this year, as CHIA has worked with members and state community housing peaks on a range of submissions to Federal government inquiries.

CHIA's first pre-Budget submission to the Federal Treasurer was released in March 2017, laying out a comprehensive set of proposals to improve housing affordability. CHIA also represented the community

housing sector on the Treasury's Expert Panel on Housing Affordability, which was set up to steer the design of the Bond Aggregator.

A core priority for CHIA is to see a national regulatory system established, which will properly support a national multi-provider model of community housing. We engaged Federal Departments and the national forum of regulators on this question throughout the year, and will continue to press the point.

It is also of concern that less than 40 per cent of all community housing providers are registered, and CHIA will work with state housing peaks and the regulators to increase regulatory coverage. This is important both to lift housing standards for tenants, and to protect the reputation of the sector as a whole.

Ahead of the Federal Budget, CHIA worked with other national peak bodies, including the Australian Council of Social Service, National Shelter, Homelessness Australia and PowerHousing, to lobby the Federal Government on the need for more investment into affordable housing and homelessness services.

In collaboration with the National Affordable Housing Providers Limited, we engaged the Federal Government on improvements to the National Rental Affordability Scheme (NRAS). The importance of the NRAS to the financial viability of community housing is underscored by the fact that two-thirds of all NRAS providers are not-for-profit organisations.

The year ahead presents a fantastic opportunity for CHIA and the wider community housing sector to influence the shape of Australia's social and affordable housing landscape for the decades to come. With the renegotiation of the National Housing and Homelessness Agreement; an observable shift in governments' thinking away from direct funding of affordable housing; a new emphasis on competition policy and productivity; the emergence of profound structural shifts in the broader housing market; plus three state elections; and, a possible Federal Election in the offing – there could never be a better time to be involved in housing advocacy!

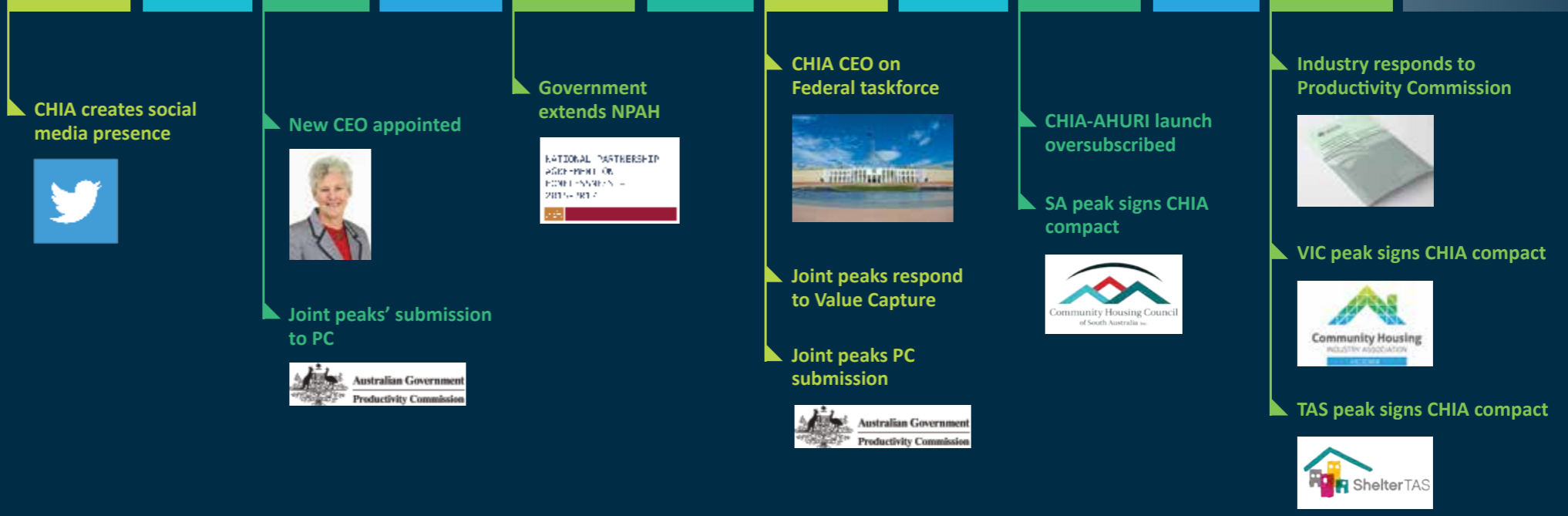
The Community Housing Industry Association is now well-placed to represent the interests of its members – large and small – in these important debates. Working with the state community housing peaks, CHIA will also be focussed on helping its members to make the most of the opportunities which will undoubtedly arise.

It has been a pleasure to work with such a cohesive and committed Board, and I thank the Chair and Board members for their thoughtful input, support and forbearance since I took up this role in October 2016. Thanks also to our Foundation Members for their generous support at this critical time in CHIA's establishment.



Community Housing
INDUSTRY ASSOCIATION

Highlights of 2016/17



Key Issues During the Year



National Housing & Homelessness Agreement

Since it began in 2009, the National Affordable Housing Agreement (NAHA) has underperformed against virtually every performance indicator. Social housing holds an ever-decreasing share of Australia's housing stock, private rental costs are stubbornly high and home purchase is beyond the reach of many households. This is despite over \$9 billion dollars being invested by the Commonwealth to support the Agreement since its inception in 2009.

Governments are negotiating a new National Housing and Homelessness Agreement which will address the operation of the broader housing market as well as strategies for social and affordable housing. The new Agreement will include planning and zoning reforms aimed at increasing the supply of affordable housing, increase stock transfers to community housing, redevelop public housing estates, and provide ongoing funding of \$117m for homelessness services.

CHIA's involvement:

CHIA has been working with state and territory community housing peaks on what the industry wants to see in the new National Housing and Homelessness Agreement. CHIA has pushed for the Agreement to be framed within a 10-year National Housing Strategy, with funding to the states contingent on achieving specific targets on overall housing supply, the supply of social and affordable housing, transfer of social housing dwellings to community housing organisations (with title) and better outcomes for people homeless or at risk of homelessness.



Productivity Commission

During 2016-17, the Productivity Commission examined the social housing system as part of its inquiry into Choice and Competition in Human Services. The Commission's draft report put forward several game-changing suggestions for reform, including: moving to a single model of financial assistance that would see public housing tenants become eligible for Commonwealth Rental Assistance; creating competitive neutrality between all social housing providers including state housing authorities; and expanding tenancy support services to eligible households renting privately.

CHIA's involvement:

CHIA and the state-based peak bodies have provided a series of submissions to the Productivity Commission's review and CHIA has briefed Commission staff at different stages of the process. Our submissions have pointed to the importance of expanding community housing to give lower-income tenants more choices, highlighted the tenancy support services which community housing providers offer, and the need to create better pathways to the mainstream housing system.



National Housing Finance & Investment Corporation

The creation of a National Housing Finance and Investment Corporation (NHFC) was one of the Commonwealth Government's 2017 Budget measures. The corporation will have two functions; to manage the \$1b National Housing Infrastructure Facility, and to operate a bond aggregator to provide cheaper and longer-term finance for community housing providers.

CHIA's involvement:

CHIA represented the community housing industry on the Affordable Housing Panel that reported to the Federal Treasurer on the design of the bond aggregator. CHIA will also represent the industry on the NHFC Implementation Reference Group.



National Rental Affordability Scheme

The Federal Government launched the National Rental Affordability Scheme (NRAS) in 2008 with the aim of increasing the supply of new and affordable rental dwellings by providing an annual financial incentive to housing providers to provide rentals at least 20% below market rentals for 10 years. The wind-down of NRAS from 2018 poses a challenge to the financial models which have under-pinned the industry's expansion over the past decade.

CHIA's involvement:

CHIA has been working with the National Affordable Housing Providers Ltd and the Department of Social Services on improving the operation of the NRAS until it expires in 2028. CHIA has also been investigating investment models that could replace NRAS.

Treasurer's Report



STEVE WALKER
Treasurer

The outcome of a modest surplus of \$38,153 in 2016-17 reflects an improvement in membership income, the continued support of our Foundation members and the Board's decision early in the financial year to rein in operating expenses.

stakeholders. The Board is cognisant of the need to diversify its income base and will be pursuing opportunities to do so over the coming year.

Since CHIA has yet to settle into a 'typical pattern' of financial operation, the year-on-year comparisons of revenue and expenses must be treated with some caution. For example, gross revenue for the 2016-17 financial year of \$393,270 was 11.3 per cent below gross revenue in 2015-16, however, revenue in 2015-16 had been boosted by the receipt of \$227,699 in donations from state peak bodies to cover CHIA's set-up costs.

Early in the financial year, the Board reviewed the staffing profile against the forward budget and took steps to rein in operational expenses. As a consequence of this belt-tightening, expenses in 2016-17 of \$238,447 were 39 per cent below expenses in 2015-16 (excluding the membership fees attributed to state peaks and Regional Committees).

CHIA's cash position improved from \$165,972 at the end of 2015-16 to \$236,012 at the end of 2017-18. The Board has committed to bolster the company's cash position further in the coming year, and is satisfied that CHIA is in a sound position going forward. The adoption of the new member

model in all jurisdictions will further increase membership coverage in South Australia, New South Wales and Queensland. The community housing sector continues to grow and this, together with a modest increase in capitation fees for 2017-18, will ensure that CHIA is well placed to increase its impact and enhance its member services over the next few years.

CHIA's core income source is membership fee income. Gross membership fee income rose from \$190,487 in 2015-16 to \$283,173 in 2016-17, reflecting a 16.8 per cent rise in the number of members and a 40.6 per cent increase in the number of properties under control of member organisations. Fifty per cent of the capitation fee collected from full members is remitted to state peak bodies or reserved for the use of Regional Committees, with the balance used to support the national office.

After setting aside the proportion of fees remitted to state peaks, or held on behalf of state and territory Regional Committees, CHIA's net member fee income was \$167,683, an increase of 83 per cent on the 2015-16 net member fee income of \$91,278.

While the Board is pleased with the upwards trend in membership income, CHIA's surplus for the 2016-17 year was underwritten by the generous support of our Foundation members. This very welcome support has enabled CHIA to recruit a dedicated media and communications manager to lift our engagement with members and external

Governance

CHIA was ably steered by the following Board Members in 2016/17:

BOARD MEMBERS	BOARD MEETING ATTENDANCE	BOARD MEMBERS	BOARD MEETING ATTENDANCE
Michael Lennon – Director (Chair)	10/10	John Nicolades – Region Director NSW	9/10
Geoff Barber – Region Director SA	10/10	Frances Paterson-Fielder – Region Director QLD (from November 2016)	5/5
Steve Bevington – Director	7/10	Gina Pearson – Region Director QLD (retired July 2016)	0/0
Greg Budworth – Director	7/10	Jillian Ritherdon – Region Director QLD (from November 2016)	5/5
Jed Donoghue – Region Director TAS	8/10	Steve Seesink – Region Director ACT (from November 2016)	5/5
Chris Glennen – Region Director VIC	9/10	Jennie Vartan – Director (retired May 2017)	10/10
Faye Minty – Region Director ACT (retired November 2016)	3/5	Steve Walker – Region Director WA	8/10

Finance Committee

Steve Walker
Chris Glennen

Board achieves Australia-wide representation



Jillian Ritherdon

The Board successfully achieved Australia-wide representation with the appointment of Jillian Ritherdon as the Region Director for the Northern Territory at its November General Meeting. Jillian is the CEO and Company Secretary of Venture Housing Company and took out the 2014 Telstra Business Women's Award in the Community and Government and Innovation categories.



Steve Seesink

Steve Seesink also joined the Board at the November General meeting as the ACT Region Director, replacing Faye Minty who did not stand for re-election. Steve is Head of Risk and Compliance and Company Secretary of Community Housing Canberra and is an expert in matters of corporate governance.

With thanks

The Board extends its thanks to Faye Minty for her contribution as Region Director for the ACT, and her period as Company Secretary. It also extends its appreciation to Jennie Vartan for her contribution as a Director. Jenny retired from the Board at the end of May 2017.

Financials

Income and Expenditure

	2017 \$	2016 \$
REVENUE	393,270	443,335
LESS:		
State Branch Contributions	115,490	99,209
NET REVENUE	227,780	344,126
EXPENSES		
Administration Expenses	56,245	129,939
Auditing & Consultancy Services	19,119	5,603
Rent & Outgoings	11,250	13,095
Employee Benefits	124,374	240,673
Marketing, Communications & Sponsorship	27,459	5,252
	238,447	394,562
EARNINGS BEFORE INTEREST & DEPRECIATION	39,334	-50,435
LESS:		
Depreciation	1,181	1,054
PROFIT / (LOSS) FOR THE PERIOD	38,153	-51,489

Assets and Liabilities

	2017 \$	2016 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	236,012	165,972
Accounts receivable and other debtors	43,348	23,112
TOTAL CURRENT ASSETS	279,359	189,084
NON-CURRENT ASSETS	4,723	5,904
Plant and equipment		
TOTAL NON-CURRENT ASSETS	4,723	5,904
TOTAL ASSETS	284,082	194,988
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and other payables	87,318	33,817
Provisions	3,313	3,793
Other current liabilities	110	1,034
TOTAL CURRENT LIABILITIES	90,741	38,644
NON-CURRENT LIABILITIES	-	-
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	90,741	38,644
NET ASSETS	193,341	156,344
EQUITY		
Current year earnings	38,153	(51,489)
Prior year adjustment	(1,156)	98
Retained surplus	156,344	207,735
TOTAL EQUITY	193,341	156,344

Financials *(Continued)*

Changes in Equity

	Retained Earnings \$	Retained Earnings Adjustments \$	Total \$
BALANCE AT 30 JUNE 2015	178,801	28,934	207,735
COMPREHENSIVE INCOME			
Profit for the period	(51,489)	-	(51,489)
Prior year adjustment	-	98	98
Total other comprehensive income	(51,489)	98	(51,391)
Total comprehensive income attributable to members of the entity for the period			
BALANCE AT 30 JUNE 2016	127,312	29,032	156,344
COMPREHENSIVE INCOME			
Profit for the period	38,153	-	38,153
Prior year adjustment	-	(1,156)	(1,156)
Total other comprehensive income	38,153	(1,156)	36,997
Total comprehensive income attributable to members of the entity for the period			
BALANCE AT 30 JUNE 2017	165,465	27,876	193,341

Cash Flows

	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Other receipts	411,557	503,958
Payments to suppliers and employees	(345,379)	(567,810)
Payments to suppliers and employees	3,862	7,047
Net cash generated from operating activities	70,039	(56,806)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash generated by/(used in) investing activities	-	(3,279)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash generated by/(used in) investing activities	-	-
Net increase in cash held	70,039	(60,085)
Cash and cash equivalents at beginning of financial period	165,972	226,057
Cash and cash equivalents at end of financial period	236,012	165,972

Independent Auditor's Report

I have audited the accompanying financial report of the Community Housing Industry Association Ltd Not For Profit (RDR) (the company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the board members' declaration.

Board members' Responsibility for the Financial Report

The board members of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the board members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

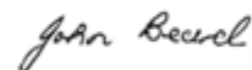
In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the board members of the Community Housing Industry Association Ltd, would be in the same terms if given to the board members as at the time of this auditor's report.

Opinion

In my opinion, the financial report of the Community Housing Industry Association Ltd is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the period ended on that date; and

- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



John Beard
Registered Company Auditor 15775
22 Henman Street LATHAM ACT 2615

Dated this 5th day of October 2017



Thanks to Our Supporters

CHIA would like to thank our 2016-17 Foundation Members for their financial support, which has greatly assisted our organisation to fulfil our mission of representing and building the national community housing industry.

If your organisation would like to support CHIA in 2017-18, contact Shelly Forceville at info@communityhousing.com.au or download the **Foundation Member Benefits** booklet from the homepage of our website at communityhousing.com.au

Gold



Argyle Community Housing



Bridge Housing



Churches of Christ Housing Services



Community Housing Ltd



Compass Housing Services



Housing Choices Australia



Port Phillip Housing Association



Settlement Services International

Silver



Common Equity Housing Ltd



Julia Farr Housing Association



Southeast Housing Co-operative Ltd



Stellar Living Ltd



Venture Housing Company Ltd