

## What do our Tenants say?

“When I first came here I thought I had died and gone to heaven”

*Margaret*

“I love my new home and the fact that I can be an active member of the community.”

*Emmanuel*

“This is real living at an affordable price and I don’t know where else I could have found an opportunity like this.”

*Kevin*

“It’s been an incredible change.”

*Vicki*

# 2006 2007 ANNUAL REVIEW

INNOVATION IN AFFORDABLE HOUSING



### Brisbane Housing Company Ltd

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The Brisbane Housing Company takes this opportunity to acknowledge the funding received from the Queensland Government and Brisbane City Council, and the continued support of all our community shareholders.



*Dedicated to a better Brisbane*



Brisbane  
Housing  
Company Ltd



## MESSAGE FROM THE INDEPENDENT CHAIR

2006-07 has been a big year for Brisbane Housing. During this period we completed our 500th home. Also during the year directors of the Company affirmed our intent to deliver over 1000 homes by 2010. This housing outcome will be delivered with the resources already secured including a line of credit from Westpac Bank for \$30M.

Innovation coupled with cost effective delivery remain hallmarks of what we do. For example, we have developed partnership arrangements with developers. These will provide affordable housing as an element of larger projects developed by the private sector. At the same time we have used "turnkey" contracts to limit construction risk. We have critically reviewed our designs to increase customer satisfaction and implemented improvements without increasing cost.



The excellent track record achieved by the Company in no way alters the fundamental challenge facing us. This challenge is the fact that at the affordable rents we charge our projects do not deliver a commercial return. In the absence of a commercial return, each additional unit requires some cross subsidization. To address this constraint the Company has been undertaking research with Westpac Bank on innovative models that will reduce or even obviate the need for grant subsidy. This strategy relies on cross subsidy from product sold or rented into the market. We hope to announce a pilot project of this kind in the next few months. This will be a first for Australia.

Creativity coupled with commercial discipline has meant that BHC has generated positive yields from high quality housing provided at less than three quarters of the market rent. This is a great challenge for all community providers and we look to others to follow this lead so that the supply of homes for those in need can be increased.

I would like to take this opportunity to thank my fellow directors and the staff of the Company for their exceptional efforts.

I commend this review to you.

John McAuliffe  
Independent Chair  
BHCL  
November 2007



## PROFESSIONALISM AT BRISBANE HOUSING COMPANY

### BRISBANE HOUSING COMPANY BOARD OF DIRECTORS

**NAME:** John McAuliffe AM

Company Director and Chairman of the Mater Hospital Health Services

Independent Chair, Chair of the Tenancy Committee, Member of the Finance, Property and Audit Committees, Chair of Development Services Pty Ltd.

Nominated by the State Government and Brisbane City Council



**NAME:** John Gallimore

Partner of the legal firm Allens Arthur Robinson

Member of the Property Committee

Nominated by the State Government

**NAME:** Ann Langley

Community Advocate and Director of various charities

Member of the Tenancy Committee, Director BHC Nudgee Pty Ltd

Director Elected by Community Shareholders



**NAME:** Ken Gough

CEO and a Director of Queensland Community Credit Union Ltd

Chair of the Audit Committee, Member of the Finance Committee, Director BHC Development Services Pty Ltd

Director Elected by Community Shareholders

**NAME:** Jan Williams

Director of Jardine Developments

Chair of the Property Committee, Director BHC Development Services Pty Ltd, Chair BHC Richlands Pty Ltd

Director nominated by the State Government



**NAME:** Mike Myers

Executive Director of Queensland Community Housing Coalition Ltd

Member of the Audit Committee, Director BHC Richlands Pty Ltd

Director elected by Community Shareholders

**NAME:** Garry McLean

Executive Director Ernst & Young Transaction Real Estate

Member of the Property Committee, Chair BHC Nudgee Pty Ltd

Director elected by Community Shareholders



**NAME:** Stuart Gregory

Company Director and Consultant

Chair of the Finance Committee, Member of Audit Committee, Director BHC Nudgee Pty Ltd, Director BHC Development Services Pty Ltd

Director nominated by the Brisbane City Council

**NAME:** Eloise Atkinson

Director Deicke Richards Architects

Member of the Tenancy and Property Committees, Director BHC Richlands Pty Ltd

Director Appointed by the BHC Board to fill a casual vacancy





# SUMMARY OF FINANCIAL OPERATIONS 2006/2007

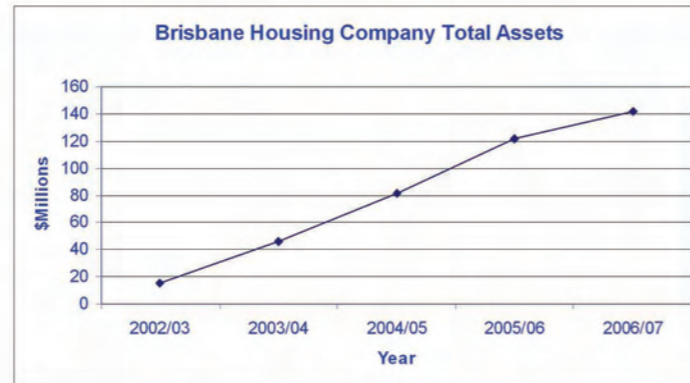
The Company continues to benefit from sustained growth as we utilise the grants provided by our Ordinary Shareholders, the State Government and Brisbane City Council.

- Since its incorporation, the Company has received \$104 million in grant funding from the State Government and \$12 million in grant funding from the Brisbane City Council.
- Revenue for the Year was \$12.2 million a 67% decrease on the previous year due to a substantial reduction in grant funding by the State Government.
- Rent Income was \$2.94 million – 90 per cent increase on the previous year.
- Total Expenses increased 48 per cent on the 2005/06 position.
- The Company has a \$30 million credit facility with Westpac Banking Corporation as at the 30th June 2007.

The Table of Key Financial Statistics (below) illustrates how the Company performed in the 2006/07 financial year, compared to the 2005/06 financial year.

Brisbane Housing Company is audited by Merrotts Chartered Accountants Business Advisors of 241 Adelaide Street, Brisbane Qld 4000 as a delegate of the Queensland Audit Office.

Copies of Brisbane Housing Company's financial statements are available from the Company Secretary.



Summary Statement of Financial Performance	2006/07 \$	2005/06 \$
Revenue		
Rent	\$ 2,939,897	\$ 1,550,346
Grants	\$ 7,000,000	\$ 33,850,000
Other (Bank Interest & Sundry)	\$ 2,264,866	\$ 1,735,168
Total Revenue	\$ 12,204,763	\$ 37,135,514
Total Expenses	\$ 2,297,141	\$ 1,430,108
Net Surplus / Loss	\$ 9,907,622	\$ 35,705,406
Cash at the end of the Financial Year	\$ 23,150,903	\$ 40,212,773
Total Assets	\$ 141,554,894	\$ 122,996,045
Total Liabilities	\$ 544,055	\$ 4,584,018
Total Equity	\$ 141,010,839	\$ 118,412,027

## ADDING VALUE WITH...

### ECONOMY

Brisbane Housing Company employs a professional staff team of 13 employees.

The average forecast unit cost of projects in Brisbane Housing Company's forward program (land, fees and buildings) is \$172,000.

### EFFICIENCY

Rent arrears as at 30th June 2007 were 2.83 % of rent receivable and cumulative bad debts written off only \$14859.

The Company's houses are rarely vacant and always relet quickly.

### EFFECTIVENESS

Brisbane Housing Company has assisted over 1000 households to date.

In 2006/07 only 6 households (1.2%) paid more than 30% of their income.

Brisbane Housing Company charges on average only \$126 per week for its accommodation.



Lord Mayor Campbell Newman, John McAuliffe (BHC Chairman) and Jennifer Clarke (General Manager Community and Public Housing) at the Official Opening of Oxenham Apartments.



Minister Robert Swarten, Queensland Premier Anna Bligh and Angela Burns at the Official Opening of Tom Burns Place.



Esma Reid, Grace Grace and Deputy Mayor David Hinchliffe inspecting BHC's latest property at Kelvin Grove.

### MERITS OF THE BRISBANE HOUSING COMPANY MODEL

Public company structure enables government to harness the talents of organizations and individuals such as community shareholders and directors.

The Brisbane Housing Company's 'not for profit' model locks in assets for long term community benefit.

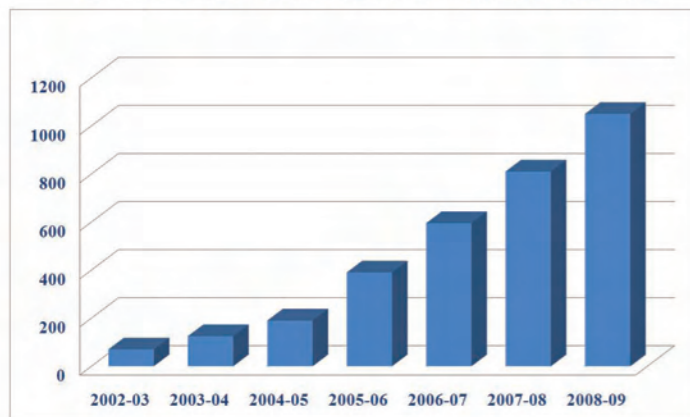


# BRISBANE HOUSING COMPANY PERFORMANCE

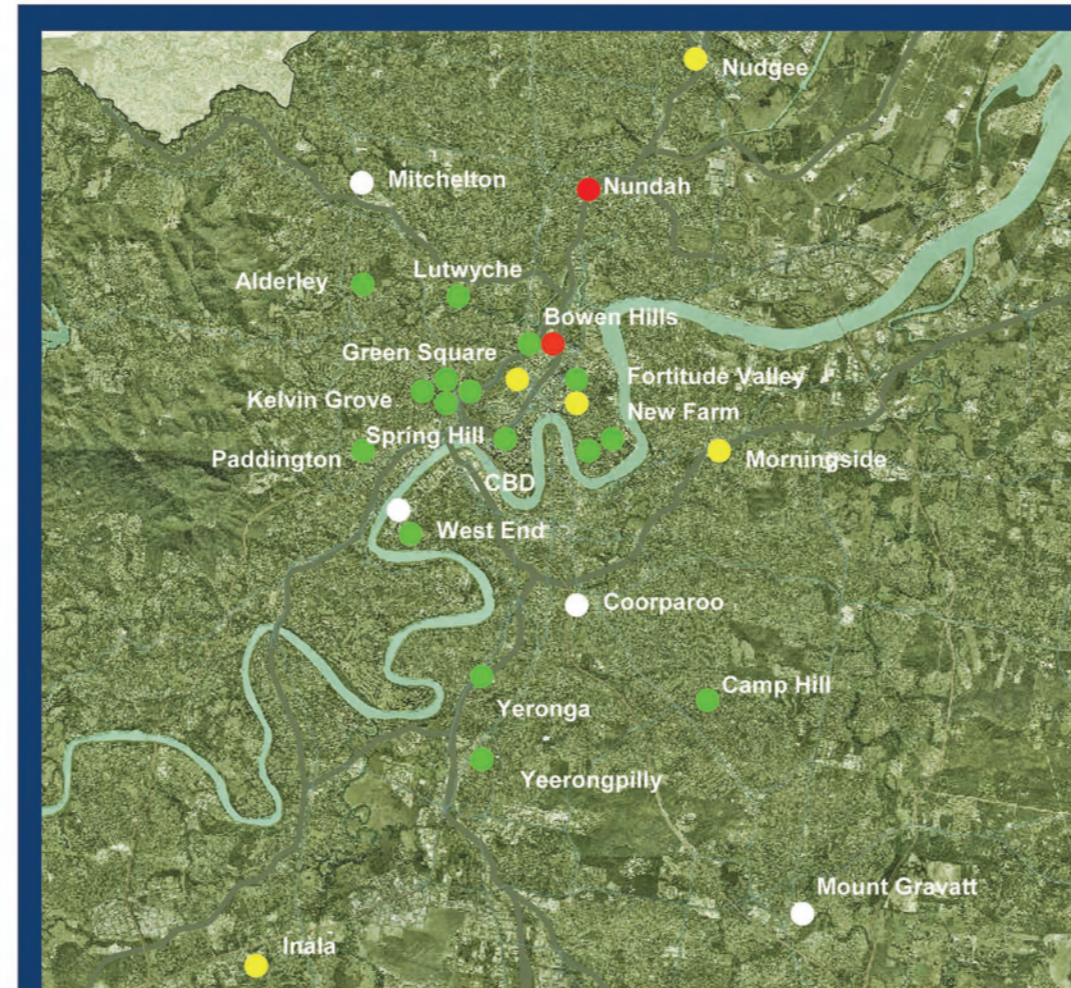
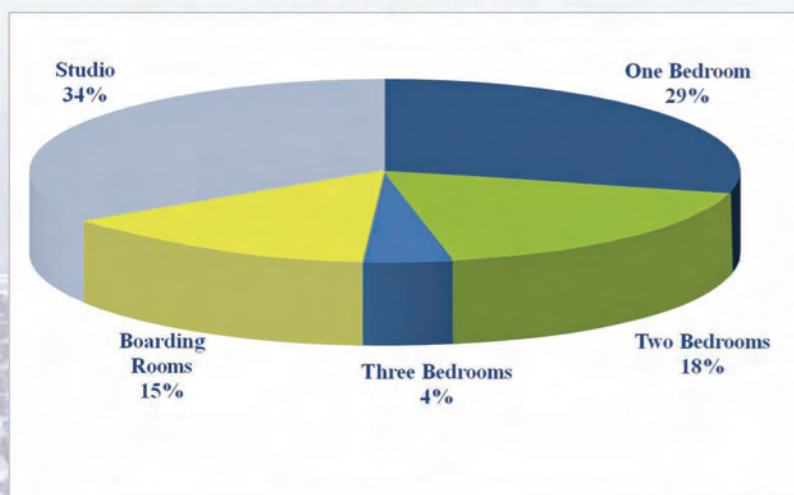
In 2006-07 Brisbane Housing Company achieved the following housing outcomes:

- 208 units completed.
- 491 new households assisted in 2006/07
- Total development expenditure exceeded \$32 million in the year.
- 32% of households assisted by BHC in the year have a household member with a disability.

NUMBER OF UNITS: ACTUAL AND PROJECTED



TYPES OF HOMES BRISBANE HOUSING COMPANY IS DELIVERING



## PROJECT LOCATIONS

- COMPLETED
- COMMITTED
- UNDERCONSTRUCTION
- FEASIBILITY

# BRISBANE HOUSING COMPANY PERFORMANCE



**Tom Burns Place**  
19-25 Musk Avenue

Brisbane Housing Company's largest mixed-use development in Kelvin Grove Urban Village provides secure, affordable housing for 56 low income households.

The complex has been aptly named in after the late Queensland Deputy Premier The Honourable Tom Burns AO in recognition of his compassion and his relentless work to assist those in need.

In line with most of BHC's developments the building has achieved a 4 star energy rating. The apartments are designed to be environmentally sustainable utilising natural light and cross ventilation which is enhanced by a central atrium. This alleviates the need for air-conditioning and has the positive benefit of reducing green-house gas emissions and tenants individual energy bills. The complex features a rainwater tank on every floor with 22,500 cubic metres of capacity.

