



ANNUAL REVIEW 2011-2012

2011

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## Poised for growth

Queensland is losing the battle to provide appropriate affordable housing for those in need. But we are not alone in this regard. A recent assessment by the Queensland Department of Housing and Public Works highlights that the demand for social housing is growing faster than the State Government's capacity to assist, and costs to maintain social housing are increasing from year to year. This picture is mirrored around the country, particularly in mining and resource communities, but also in capital cities and urban centres.

This year has seen the end of the Australian Government's Nation Building Economic Stimulus initiative, which provided generous support for growth in this environment. BHC responded vigorously to this initiative delivering 12 projects with 780 homes procured at a capital cost in excess of \$200M.

The scale and success of BHC's response to this opportunity reflects the strength of our model. The essence of which is that we are a social business that combines the best elements of a charity with the disciplines associated with commercial enterprises. We are tax efficient. We have no dividends to pay. We understand what our costs are and how to maximise our income consistent with the overriding imperative to make the rents we charge affordable.

BHC's achievements over the last decade would not be possible without the commitment of our key partners within government, the housing sector, development industry, tenancy support services and commercial and business arenas, who are all committed to reach a common goal - to assist with this difficult problem facing our society.

The theme of our Annual Review this year is "celebrating 10 years; poised for growth". But BHC cannot secure this growth on our own.

This year has seen the election of a new government leading a reform agenda. The current social housing system is in dire need of urgent reform. The changes that are required must be guided by government, but the delivery of services on the ground should be left to those best suited to the task. I and my fellow directors on the BHC Board are of the view that BHC can play a leading role in securing the much needed changes to our industry. If the State Government sustain their reforms and harness the energies of groups such as BHC we feel confident that this great State of Queensland will start to win the battle to offer a home to all of our community at a cost that they can afford.

I commend this review to you.



**Professor John McAuliffe AM**  
Independent Chair  
.....  
September 2012



## Working together to improve people's lives

"Over 10 years BHC has been fortunate to have the opportunity of offering improvements to the lives of those we accommodate, which in many cases has allowed our tenants the ability to not only improve their personal circumstances but enabled them to provide back to society."

- David Cant, CEO



### Paul's Story

One year after moving to Richmond, Paul is passionate about the positive impact his new home has played in gaining hope, security and support to overcome adversity describing his apartment as "an oasis in the desert".



### Legatta's Story

Living in one of BHC's apartments, Legatta is now studying a Bachelor of Behavioural Science Psychology which she hopes will ultimately lead to working with adolescents.

"BHC has given me the chance to be independent, to know myself and be my own person".



### Tony's Story

Tony is treading a new path after having access to stable, affordable housing allowing him to gain employment and re-enter into the private rental market.

"To be self-supporting, self-sustainable after so long is liberating".





Richmond

**Completed December 2011**

Richmond, located in the inner-city suburb Bowen Hills, includes 107 Apartments incorporating 44 Affordable Housing Apartments, 35 NRAS Apartments and 28 Apartments for Sale.

Richmond residents socialise within three communal barbeque areas as well as a community garden available to all residents.



Bonney Lane

**Completed December 2011**

Created to help alleviate the very real issue of housing shortage and affordability within close proximity of the Brisbane CBD.

Bonney Lane is built over nine levels and offers 81 Affordable Housing Apartments, including Studio and 1 Bedroom Apartments and over 1000m2 of commercial space incorporating the original heritage listed building.



Century

**Completed April 2012**

BHC and project partner Queensland Cricketers' Club collaborated to produce Century. At a total scheme cost of \$17.7m, incorporating 71 Apartments and 2 Townhouses, comprising of 3 different tenures; 33 Affordable Housing Apartments, 18 National Rental Affordability Scheme Apartments and 20 Apartments for Sale.

Century has been flagged as a design catalyst for future BHC developments and is viewed as a triumph all round, with 95% of the development sold prior to development completion.



Quadrant

**Completed June 2012**

Quadrant features 84 apartments across eight levels, comprising 49 Affordable Housing Apartments, 22 NRAS and 13 Apartments for Sale, along with a second floor garden and recreation area and a ground level retail space.

Located at Chermside, residents have access to attractive commuting opportunities and a range of amenities, such as the popular Westfield shopping centre, sporting facilities and park and recreation areas.

## Celebrating 10 years

Our time in the industry has shaped our business model to be financially and socially sustainable.

## Poised for growth

An innovative approach ensures the company remains viable and has the capacity to realise its goal to assist more people into housing.



QUALITY DEVELOPMENTS



KEY PARTNERSHIPS



SKILLED GOVERNANCE



SUSTAINABLE BUSINESS MODEL



EXPERT STAFF AND PROCESS

Summary Financial
Revenue
Rent
Grants
Sales
Other (Bank Interest & Sundry)
Total Revenue
Total Expenses
Net Surplus / Loss
Cash at the end of the Financial Year
Total Assets

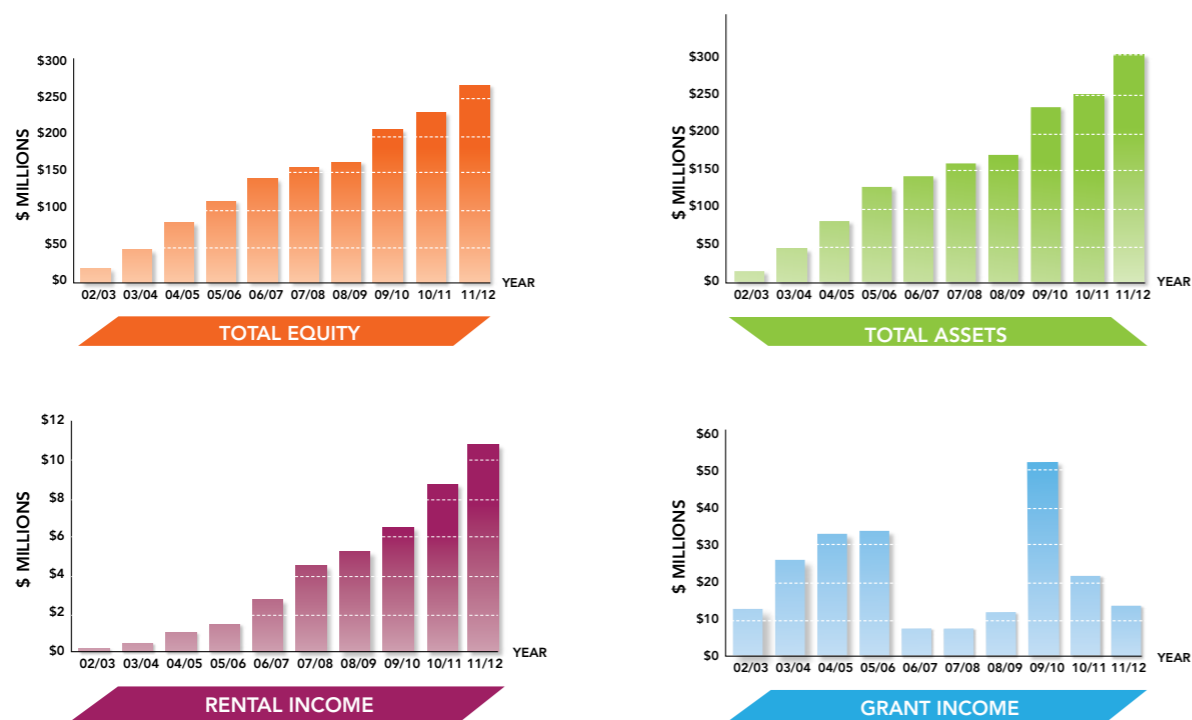
STRONG BALANCE SHEET

Since its incorporation, the Company has received \$114.4 million in grant funding from the State Government and \$18.1 million in funding from the Brisbane City Council. The Company has received \$89.9 million in Federal Government Funding through the Nation Building Social Housing Initiative & the National Rental Affordability Scheme.

Revenue for the year was \$61.35 million, a 19% increase on the previous year due to Land Sales (up 83%) & rental income (up 21%). This was offset by a 36% decrease in Grants due to the winding down of the Nation Building Initiative.

Total Expenses increased by \$17.63 million on the 2010/11 results due largely to an increase in costs associated with land sales (\$14.7 million) and property expenses (\$1.1 million).

The Company has a \$50 million credit facility with Westpac Banking Corporation as at the 30th June 2011 of which \$35.0 million has been drawn.



## Key financial statistics

Summary Statement of Financial Performance	2011/12 \$	2010/11 \$	2009/10 \$	2008/09 \$	2007/08 \$
<b>Revenue</b>					
Rent	\$ 10,592,594	\$ 8,723,171	\$ 6,421,860	\$ 5,431,317	\$ 4,523,166
Grants	\$ 13,830,457	\$ 21,655,676	\$ 52,416,523	\$ 12,488,943	\$ 7,000,000
Sales	\$ 35,781,710	\$ 19,584,910	\$ 12,620,909	\$ 4,045,091	\$
Other (Bank Interest & Sundry)	\$ 1,146,514	\$ 1,599,618	\$ 1,125,412	\$ 363,923	\$ 1,438,772
<b>Total Revenue</b>	<b>\$ 61,351,275</b>	<b>\$ 51,563,375</b>	<b>\$ 72,584,704</b>	<b>\$ 22,289,874</b>	<b>\$ 12,961,938</b>
<b>Total Expenses / Cost of Sales</b>	<b>\$ 49,581,208</b>	<b>\$ 31,952,463</b>	<b>\$ 18,868,490</b>	<b>\$ 11,072,786</b>	<b>\$ 5,704,866</b>
<b>Net Surplus / Loss</b>	<b>\$ 11,770,067</b>	<b>\$ 19,610,912</b>	<b>\$ 53,716,213</b>	<b>\$ 11,216,488</b>	<b>\$ 7,257,072</b>
<b>Cash at the end of the Financial Year</b>	<b>\$ 5,194,126</b>	<b>\$ 6,162,308</b>	<b>\$ 29,391,278</b>	<b>\$ 11,933,399</b>	<b>\$ 13,284,715</b>
<b>Total Assets</b>	<b>\$ 301,534,166</b>	<b>\$ 254,224,942</b>	<b>\$ 237,312,153</b>	<b>\$ 167,618,367</b>	<b>\$ 160,335,765</b>
<b>Total Liabilities</b>	<b>\$ 43,042,844</b>	<b>\$ 21,518,814</b>	<b>\$ 25,678,048</b>	<b>\$ 8,225,518</b>	<b>\$ 4,811,070</b>
<b>Total Equity</b>	<b>\$ 258,491,322</b>	<b>\$ 232,706,128</b>	<b>\$ 211,634,105</b>	<b>\$ 159,392,849</b>	<b>\$ 155,524,695</b>



**PROFESSOR JOHN MCAULIFFE AM**

"Over the last 10 years we have successfully evolved to help address the needs of our community by capitalising on funding through innovation.

We are now in a strong position to tackle future opportunities and help more people improve their lives by having access to a secure, quality home."



**JOHN GALLIMORE**

"BHC has achieved an enormous amount from 10 years ago, pioneering innovative, quality and award-winning outcomes for our tenants.

Affordable housing in Australia has reached a watershed and new models and approaches are needed to meet a changing environment.

We have the people, ideas, resources and a great desire to achieve even more in the period ahead with an aim to make a real difference to lives."



**GEOFF WOOLCOCK**

"10 years of steady growth have positioned us strongly, but the next decade already signals unprecedented housing affordability pressures that will undoubtedly demand we stretch our reach and vision... bring it on! "



**ANN LANGLEY**

"When BHC was first planned, there was no idea it would be so successful with so many people placed happily in affordable accommodation, and with various awards given for the buildings.

With the scope and scale of changes ahead, we must become even better, adapt and grow while staying true to our original remit."



**JAN WILLIAMS**

" The last 10 years have been a time of growth mediated by significant challenges as we have striven to maximise the use of funds we have secured and generated.

Most significant for BHC in the next 10 years will be creative engagement with government as a partner at the table, focused on innovation and achieving flexibility in affordable housing delivery to meet changing needs."



**BEN FOSTER**

" In the first 10 years, BHC has been able to capitalise on government funding initiatives through innovation and strong management practices to establish a substantial and sustainable asset base that supports the needs of the community.

Our aim shall continue to be on delivering more affordable, quality homes, which are well maintained, managed and innovative in addressing the needs of the community."



**ELOISE ATKINSON**

"BHC has had an amazing journey over the last 10 years dealing with changes in housing policy, funding and in the economic context in which it operates.

Its true achievement has been the ability to adapt to these changes while never losing sight of its core objective."



**STUART GREGORY**

" The changing environment in which we operate means the next 10 years will undoubtedly be very different from the last 10 years. However, I believe we have the flexibility and resilience to maintain our progress despite the inevitable challenges the next decade will bring.

Building and managing economical but high quality affordable housing under differing funding models remains our goal and will continue to provide our motivation."

We would like to thank Ken Gough for 10 years of dedicated service and welcome Les Jones to our Board. We look forward to incorporating Les's experience in our goal of assisting more people into housing.



**KEN GOUGH**

"Since inception BHC has experienced considerable growth in the number of dwellings built to accommodate persons on moderate incomes.

The next 10 years will see a reduction of investment in not-for-profit companies. Consequently we will need to be creative in our business dealings, secure capital grants where possible, and seek to extend partnerships with the business community."

# Our Journey

## BHC's adaptable model – Catalyst Affordable Housing



The beginning of 2012 saw a new era in BHC's role of assisting in the provision of affordable housing nationally through a collaborative effort to establish Catalyst Affordable Housing Limited.

Catalyst Affordable Housing (CAH) is a not-for-profit affordable housing provider specifically created to address the critical need for affordable housing currently experience in the Gladstone region. Established in an Australian first affordable housing funding method through the collaborative efforts of three LNG Proponents currently undertaking work in the Gladstone region, Catalyst Affordable Housing has developed its first trading division, Gladstone Affordable Housing.

A distinct legal entity, Catalyst's company structure incorporates the expertise of BHC to be delivered anywhere throughout Australia, presenting the company with an opportunity to assist in the provision of affordable housing nationally.



Dedicated to a better Brisbane

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

► 1,486 Homes  
Kangaroo Point, Chermside,  
Coopers Plain, Windsor.

► 1,207 Homes  
Bowen Hills, Fitzgibbon,  
Fortitude Valley.

► 1,005 Homes  
Fitzgibbon, Fortitude Valley, Inala, Mitchelton,  
Newstead, Richlands.

► 708 Homes  
Alderley, Bowen Hills, Camp Hill, Fortitude  
Valley, Kelvin Grove, Lutwyche, New Farm,  
Nudgee, Nundah, Paddington, Richlands,  
West End, Yeerongpilly, Yeronga.

### Mixed tenure - mixed use



Apartments for Sale



NRAS Apartments for Sale



Affordable Housing



### Brisbane Housing Company Limited

Trading as BHC Creating Liveable Communities

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BHC is a public company limited by shares, a public benevolent institution, an income tax exempt charity and deductible gift recipient.

All images within this publication are of BHC tenants and properties. We thank our tenants and investors for their generous input.

