

## Introduction

The material provided for the Company Directors Course assignment is background information and board papers for the next board meeting.

The case studies are written from a variety of sources and provide sufficient information to enable a response to the questions.

Your response to the questions should express a view. The emphasis is on a succinct and convincing argument, not a description or restatement of material presented in the case study.

The financial statements provided reflect the accounting decisions made by the organisation. Please take the figures in the financial statements as given.



## Assignment question

### The question is in three parts.

#### PART 1 (suggested 1,800 words)

As a director of Community & Social Housing Limited, you are asked to review each of the following six agenda items, 7, 8, 9, 11, 12 and 13, for the board meeting to be held on 23 September, 2022. For each agenda item:

- Identify the key issue(s), state the reasons why you believe the issue(s) is/are significant, providing your analysis and rationale.
- State the questions you would ask at the board meeting in relation to each agenda item.
- Propose recommendations to address the issue(s) for the board's consideration.
- Describe the anticipated outcomes, assuming your recommendations are adopted.

#### PART 2 (suggested 750 words)

In relation to the merger proposal for Bay of Plenty Housing Corporation Limited (agenda item 10 and Appendix B), provide the following:

1. Outline five key reasons to support the proposed merger with Bay of Plenty Housing Corporation.
2. Outline five key risks with the proposed merger with Bay of Plenty Housing Corporation.
3. List five key questions you would ask as a director in relation to the proposed merger with Bay of Plenty Housing Corporation, prior to voting on the proposed merger.
4. Analyse the appropriateness of each of Bay of Plenty Housing Corporation directors to join the CASH board. Based on your analysis, nominate the two people to join the CASH board.
5. Nominate two people to stand down from the CASH board, to allow appointment of your nominated Bay of Plenty Corporation directors to join the CASH board. Justify your selection of each person.

#### PART 3 (suggested 450 words)

1. Identify five (5) additional (i.e. not previously discussed in answering any of the above) governance issues that should raise concerns for the board.
2. Outline why you identified each issue and what you recommend should be done to address each issue.
3. For each of the additional governance issues, state how you would personally seek to influence your fellow directors to accept your recommendations and progress their implementation.

# Community and Social Housing Limited

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## Introduction

In June 2022, you read an advertisement on the AICD's 'Directorship Opportunities' website for a non-executive director role at Community & Social Housing Limited (CASH), a provider of social and affordable housing. You have a passion for this industry, as your grandparents were the recipients of housing support in the 1950s. A long-term friend and colleague, was also previously a board member of CASH. He encouraged you to apply for the position following a discussion about the company.

You applied for the position and following an interview process, you were excited to learn that you had been selected as the primary candidate for the position. You were invited to a follow-up meeting with the chair and the Managing Director (MD) at CASH's head office. Before the meeting, the MD, Margaret Chapman, arranged for you to receive, in confidence, a copy of the CASH constitution, the latest annual report and minutes of the previous two board meetings. Also included in the pack were statements of the company's vision and values, board charter, and the past five years of financial statements.

You joined the board at the end of July 2022. The board meeting scheduled for Friday 23 September 2022 will be your second meeting. The August meeting provided you with greater insight into the issues facing CASH and you are looking forward to making a positive contribution to the company.

## History

Margaret Chapman and Hope Eyre met at university in their early 20s, both having grown up in socially disadvantaged families. Whilst working on an assignment together, on the 1975 Australian Royal Commission into Poverty, they decided it was time that someone did something to help people who could not afford a decent place to live. Community & Social Housing Limited (CASH) was formed in 1986 when Margaret and Hope applied for, and received, a State Government grant to provide 50 subsidised housing properties in the Melbourne suburb of Collingwood.

The early years for CASH were tough going. The awarding of the grant proved to be the easy part. Setting up a company and engaging the resources to provide the houses was the real challenge. The pair each worked 70-80 hours per week for 18 months, and CASH's first tenant moved in, in April 1988.



By 1995, CASH had developed a reputation for providing quality housing and services for its tenants. As a result, the Victorian Government provided additional support, enabling the company to grow to 350 properties under management and a staff of eight. In 2001 CASH acquired a housing provider based in New South Wales who was in financial difficulty. This proved to be the first of several acquisitions (“mergers”) for CASH. As a result, CASH gained control of an additional 400 properties (a majority of which were owned). Prior to this, CASH focused on managing properties owned by either government agencies or third parties. This change in the ownership model of the properties it managed was a major strategic shift for CASH.

Between 2001 and 2015 CASH acquired several smaller housing providers in Victoria, New South Wales and Queensland. CASH moved into small scale property development during this time, with the view to creating purpose-built community housing developments. Also in 2015, CASH applied for and received National Regulatory System Community Housing (NRSCH) registration as a Tier 1 provider.

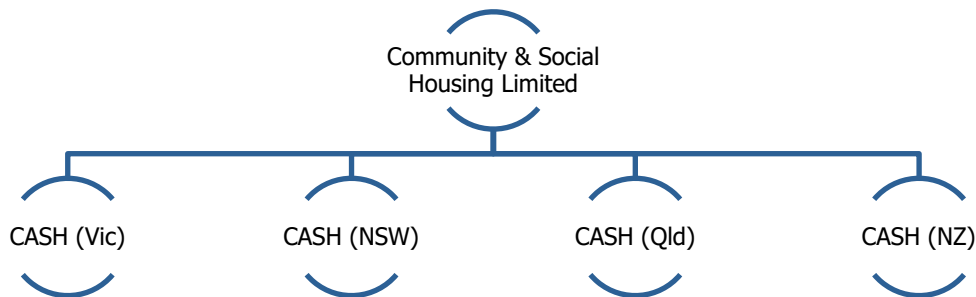
In 2017, CASH acquired a small community housing provider (Unique Houses Limited), based on the South Island of New Zealand. Whilst focused on the Christchurch area, the company (renamed Community & Social Housing New Zealand) also has properties under management in Dunedin and Invercargill.

At the end of the 2022 financial year CASH had the following properties under management:

Location	Number
Victoria	2,682
New South Wales	3,693
Queensland	2,358
New Zealand	75
<b>Total</b>	<b>8,808</b>

Of the 8,808 properties under management, approximately 90 per cent are owned. CASH has a property occupancy level of 98.5% and a tenancy satisfaction rating of 91%, with 210 casual and permanent staff. As a result of the high occupancy levels CASH is always looking for opportunities to acquire new properties.

The current corporate structure of CASH is as follows:



## Industry information

As part of your due diligence, prior to joining the board, you researched the social housing industry. Below is a summary of your findings.

Social housing is provided by both government and non-government organisations. These organisations provide public housing, Indigenous housing, community housing and Indigenous community housing. Based on research conducted by Australian Institute of Health and Welfare, in 2019/20 just over 800,000 Australians lived in social housing, with over 436,000 dwellings<sup>1</sup> in use. Social housing levels increased by 7 per cent between 2006 and 2020.

Demand for social housing is driven by:

- housing and rental prices
- household incomes
- availability of rental properties
- rental percentage of income
- unemployment rates.

In 2019/20 Australian Government funding provided \$1.6 billion, with a further \$4.7 billion in rent assistance for social housing. Additionally, state and territory governments contributed \$4.3 billion in 2019/20.

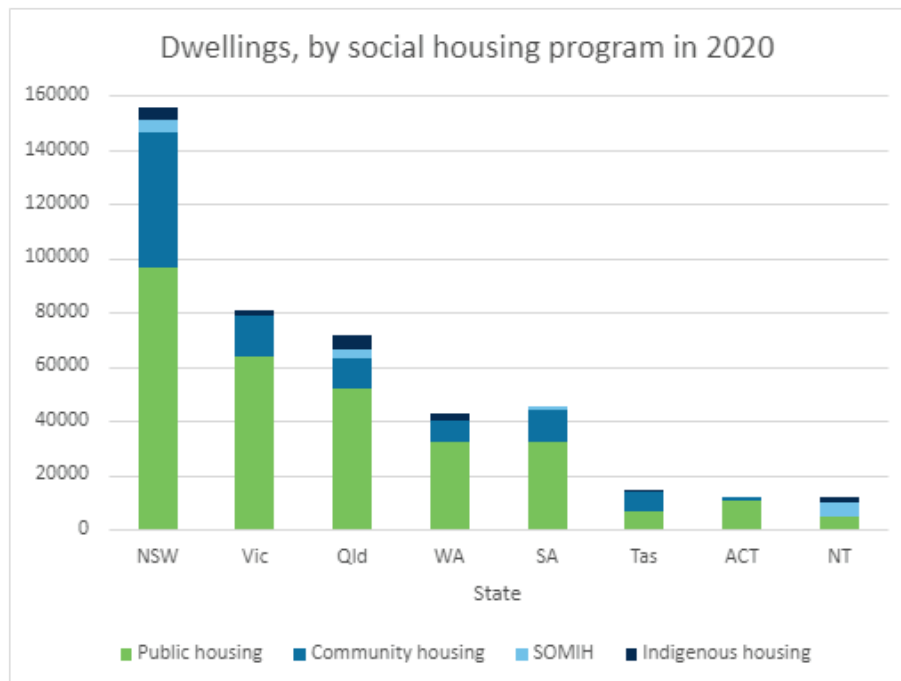
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<sup>1</sup> Housing assistance in Australia, Australian Institute of Health and Welfare, <https://www.aihw.gov.au/reports/hou/325/housing-assistance-in-australia/contents/summary>



Social housing by state in 2020 were as follows:

**Figure 1: Dwellings by social housing program in 2020<sup>2</sup>**



\* SOMIH—State owned and managed Indigenous Housing

In January 2014, based on consistent state and territory legislation (National Law) the National Regulatory System Community Housing (NRSCH) organisation was formed to provide a regulatory system for community housing. Providers of social housing can apply to be registered with NRSCH. Registration requires organisations to meet designated financial and governance requirements. The level of requirements depends on the tier that applies to the organisation. Under NRSCH guidelines there are three tiers, and an organisation's tier is not based solely on its size (or revenue). Also considered is the scale of community housing (i.e., number of properties under management) and the level of on-going development activities being undertaken by the organisation.

<sup>2</sup> Housing assistance in Australia, Australian Institute of Health and Welfare, <https://www.aihw.gov.au/reports/hou/325/housing-assistance-in-australia/contents/summary>

## The board

### **Scott Beasley—Chair (appointed as a Director 2021)**

Scott is the owner and manager of an Australian manufacturer based in the western suburbs of Sydney. He first became associated with CASH when a close relative was offered a house by CASH. The relative spoke highly of CASH and Scott was looking for a way to give something back to the community. At the time CASH was looking for a new chair and given Scott's business background he decided to apply for the position.

Prior to serving on the board of CASH, Scott had only had board positions within his own business. As a result, he has struggled at times with the role of chair. Margaret has provided significant guidance to Scott in his role as chair.

### **Margaret Chapman—Managing Director (Bachelor of Arts) (appointed as a Director 1986)**

Margaret, together with Hope Eyre, founded CASH, following a successful application for government grant monies linked to providing social housing. Since that time Margaret has developed an in-depth understanding and knowledge of social housing in Australia. She has been part of a number of government-organised committees focused on meeting social needs in Australia. She was recognised for her contribution to social housing in the Australia Day Honours in 2017.

Margaret has been the Managing Director since CASH's incorporation. Whilst in the initial years this was a volunteer position, within five years of incorporation, the salary provided was market based, considering the position's responsibilities and the size of CASH.

### **Hope Eyre—Director (Bachelor of Arts) (appointed as a Director 1986)**

Co-founder of CASH. For the first three years, Hope worked alongside of Margaret to get CASH up and running. After three unpaid years, Hope needed to pull back to focus on her new family. However, she was determined to stay involved, and therefore maintained her board position. Hope returned to the workforce in 2005, having obtained a real estate licence. She is currently employed by a nationally branded real estate agent, based in Melbourne. Hope finds her position as a real estate agent gives her great insights into the property market, enabling her to make a solid contribution to CASH.



### **Ellen Durack—Director (appointed as a Director 2008)—tenant representative**

Ellen has been a tenant of CASH since 2003, when she was provided access to a house in south western Sydney. Ellen has limited business experience and decided to nominate for one of the tenant representative positions in 2008. She was just as surprised as anyone when she was told she had been selected for the position.

Since her election, Ellen has focused on helping develop community programs to support CASH's tenants. She finds that she struggles with several aspects of board proceedings, especially all the financial aspects. She has formed a close friendship with the other tenant representative (Sabina). They often spend time talking on social media and the phone about things happening at CASH.

### **Edmund Nullagine—Director (Bachelor of Construction Project Management) (appointed as a Director 2009)**

Edmund is a principal in a project management company with offices in Melbourne, Sydney and Brisbane called Your Project Pty Ltd. Edmund first met Margaret when he tendered for a project management role on the construction of a multi-town house development of CASH's in Melbourne in 2007. Margaret was taken by Edmund's commitment to get the best possible deal for his client. Consequently, Your Project Pty Ltd has taken on the role of project manager of all of CASH's building projects since that time. Edmund's company has also been asked to prepare property inspection reports where CASH is considering a merger with another social housing provider.

Edmund joined the board of CASH when Margaret suggested there was no better way for him to stay abreast of CASH projects, than to be involved in the decisions as to which projects to proceed with.

### **Thomas Young—Director (Bachelor of Business, Chartered Accountant, GAICD) (appointed as a Director 2018)**

Thomas attended a CDC course in 2017, with a view to becoming a director. As the CFO of a medium-sized engineering company based in Sydney, he understood he needed to improve his knowledge of director responsibilities, as he was often asked by board members of the company he worked for about their responsibilities as directors.

Following successful completion of a course, he responded to an advertisement by CASH on the AICD director opportunities web page. Following a number of discussions and a detailed due diligence process he was offered and accepted a position on the board of CASH.

Given his finance background he was asked to chair the Finance & Risk Committee when it was decided to establish this committee in 2020.



**Sabina Bannister—Director (appointed as a Director 2016)—tenant representative**

Sabina has been a tenant of CASH since 2014, when she was provided access to a unit in Ipswich in Queensland. Sabina has an accounting background, providing bookkeeping services for a local accounting firm in Ipswich. Sabina is a single mother with four teenage children. Since joining the board of CASH she has formed a close friendship with Ellen Durack, the other tenant representative on the board.

**Ferguson Turner—Director (Bachelor of Economics) (appointed as a Director 2015)**

Ferguson has a background in state government agencies in Victoria, having worked at a senior level within a number of state-run agencies since 1995. Agencies he has been involved with have had responsibility for social housing, education, and aged care. Ferguson retired from full-time work in 2014 and has been instrumental in helping CASH gain access to various state and federal funding programs since he joined the board.

**Yule Canning—Director (LLB) (appointed as a Director 2012)**

Yule is a partner in the law firm of Legal Beagles. Legal Beagles provide commercial support for businesses as well as providing conveyancing services. Legal Beagles have been CASH's legal representative since 2001 and Yule has been the main point of contact since 2009.

Legal Beagles has represented CASH in several tenant disputes with state-based civil and administrative tribunals, as well as providing legal advice in relation to property development and mergers with other organisations.

Given his legal background, Yule is also responsible for ensuring all prospective members of the company meet CASH's standards. He vets all applications for membership, prior to them being presented to the board for consideration.

**Irwin Blackwood—Director (GAICD) (appointed as a Director 2013)**

Irwin was previously the CEO for a privately-run aged care facility. In 2011, the facility was acquired by a large aged-care provider and Irwin was made redundant as a result. Looking for a career change, Irwin attended an AICD Company Director Course, with a view to pursuing a career as a director.

Since that time Irwin has served as a director on the boards of several for-profit and not-for-profit organisations. He currently serves on the board of six companies, including CASH.

**Shannon Gascoyne—Director (MBA, MAICD) (appointed as a Director 2018)**

Shannon is a former banker at Biggest Bank (CASH's current bank). He was CASH's customer liaison for 10 years, prior to his retirement from the bank. He currently provides financial advisory services to organisations wanting to ensure they maximise the potential of their banking facilities. He specialises in helping organisations negotiate new or changes to existing facilities.

**Harvey Buchanan—Director (Bachelor of Technology) (appointed as a Director 2015)**

Harvey is the owner and CEO of Supreme Technology, an IT support business based in Brisbane. Supreme Technology is CASH's outsourced IT provider, responsible for all hardware and support issues. Harvey was coerced into joining the board by Margaret.

Harvey has no other board experience.

**You—Director (appointed as a Director 2022)**

You are a recent AICD, Company Director Course (CDC) graduate. This is your first appointment as a director, following the successful completion of your CDC course.

All the above people are directors of all companies in the CASH group.

**Blue Jacobs** (a resident of New Zealand) is a Director of Community & Social Housing (NZ). Blue is the local manager of CASH's properties on the South Island of New Zealand. Blue joined CASH, when CASH acquired Unique Houses Limited in 2017.

**The executive****Jessica Kent—Chief Financial Officer**

Jessica joined CASH as its CFO from a large accounting firm in 2018. Prior to joining CASH, Jessica was a Senior Audit Manager, specialising in the construction industry. The person Jessica replaced had overseen CASH's finances for more than 20 years. As a result, they were very comfortable with CASH's systems and processes. When Jessica joined, she found that a number of CASH's systems and processes were not representative of what she would consider to be best practice. Consequently, Jessica has already changed the accounting system used and moved a number of other processes online. These types of changes, although necessary, have caused substantial push back from the organisation both towards Jessica and the changes she has implemented.

## **Maddison Goodga—Head of Corporate Services**

As Head of Corporate Services, Maddison is responsible for Human Resources (including payroll), Information Technology, and Facilities Management (i.e., offices). Maddison joined CASH in 2020, from another (smaller) social housing provider, where she held a similar position.

## **Shirley Williams—Head of Operations**

As Head of Operations, Shirley is responsible for anything tenant related. Shirley therefore has oversight of property development, tenancy coordination, tenant invoicing and collection, property maintenance, and community engagement. Shirley joined CASH in 2016, having previously worked for a national real estate franchise, focusing on management of client rental properties.

## **Board charter**

The following is a summary of board roles and responsibilities, included within its charter:

- make decisions in the best interests of CASH
- board to meet at least 10 times per financial year
- review and approval of the strategic plan
- monitor management's performance against the objectives set out in the strategic plan
- ensure an appropriate control environment exists withing CASH
- protect the reputation of CASH, by ensuring appropriate levels of governance are maintained at all levels within the company
- ensure the existence of efficient and effective risk management principles
- appoint the Managing Director
- monitor the performance of the Managing Director
- ratify the appointment and terms and conditions of appointment of all senior staff (all people reporting directly to the Managing Director)
- ensure appropriate delegations of authority are in place across the organisation
- approve new members.



## Committees

CASH has the following committees.

### Finance and Risk

Members: Thomas Young (chair), Sabina Bannister, Shannon Gascoyne, Jessica Kent

Key responsibilities include:

- appointment and removal of the external auditor
- agreement of external auditor scope and remuneration
- approve the annual financial statements, prior to board signing
- review management accounts prior to inclusion in monthly board reporting
- approve the annual budget
- negotiate facilities with the bank
- review and adjustment of the risk framework
- set the risk appetite
- monitor changes to key risks impacting CASH
- report to the board on finance and risk.

Committee meets monthly.

## Remuneration and Employment

Members: Margaret Chapman (chair), Hope Eyre, Scott Beasley, and Jessica Kent

Key responsibilities include:

- set and adjust levels of remuneration for all directors
- set and adjust levels of remuneration for all executives
- review remuneration levels for all staff to ensure they meet regulatory requirements
- approve appointment of all executive positions (i.e. Managing Director and all positions reporting to the Managing Director)
- approve changes to job descriptions for all executive positions
- approve changes to the organisational chart
- review and approve any unbudgeted positions.

Committee meets quarterly. The chair may call additional meetings if required.

## Further background information

CASH is a company limited by guarantee. Its members guarantee to each pay \$50 should the company go into receivership/liquidation.

CASH is registered with Australian Charities and Not-for-profits Commission (ACNC) and is considered a public benevolent institution with deductible gift recipient status.

## Vision

To provide people with shelter no matter their circumstances.

## Mission

To build vibrant homes and communities, where people feel safe and empowered to make the most of their circumstances.



## Values

To treat all people with respect and understanding.

To value our residents and their right to have access to affordable, quality housing.

To be open and honest in all our dealings with stakeholders.

To be a leader in community and social housing.

To be actively engaged with the communities in which we operate.

To provide a safe and rewarding workplace for staff and their families.

## Strategic goals

The board of CASH set the following strategic objectives at their most recent strategic planning session:

- To expand presence in overseas markets.
- To grow the number of properties under management through a mix of property purchases, development of land holdings and acquisition of other providers.
- To develop a closer working relationship with government bodies.
- To provide a level of accommodation and service that exceeds tenant expectations.

## Constitution

The following provides a summary of key aspects of CASH's constitution:

- Purpose—CASH exists to provide access to affordable housing and other support to people who are at risk of being financially or socially disadvantaged.
- The board to comprise a minimum of five and a maximum of 13 directors. At least two directors are to be tenant representatives.
- All directors must be members and must also be directors of any subsidiaries.
- The board to comprise a majority of independent non-executive directors.
- The company is NOT allowed to distribute earnings in any form to its members.
- All members are required to submit an application for membership to the company. All applications for membership are to be assessed by the board. The board may at its absolute discretion approve or deny any application for membership. The board is not required to provide an explanation as to why it has denied a person membership.
- The board may fill any vacant board position (i.e., casual vacancy). A person who fills a casual vacancy must offer themselves for election at the following Annual General Meeting of members.
- All board positions are for a term of three years. At the end of three years a director may offer themselves for re-election. There is no limit to the number of terms a person may serve as a director.
- A quorum at a board meeting is more than 50 per cent of board members.



## Board meeting agenda

**Location: Melbourne office**

**Date: Friday 23 September 2022. Commencing at 10am.**

1. Apologies
2. Acknowledgement of Country
3. Minutes of previous meeting
4. Matters arising from previous meetings
5. Conflicts of interest
6. Major correspondence
7. CFO/Financial reports
8. Managing Director's report
9. Development proposal—Arana Hills
10. Merger proposal—Bay of Plenty Housing Corporation Limited
11. Cyber incident
12. Finance and Risk committee report
13. Housing priority
14. New members
15. General business
16. AFL Grand Final Luncheon
17. Next meetings
  - AGM: 10:00am, Friday 21 October 2022
  - Friday 10:30am, 21 October 2022
  - Friday 10:00am, 18 November 2022

NB: Margaret has booked a private box at the Melbourne Cricket Ground for the 2022 AFL Grand Final. Tickets are available for all directors and their partners. Please advise if you intend to attend and the name of any accompanying person.



# Community & Social Housing Limited

## September 2022 board papers

### Agenda items 1: Apologies

Register any apologies from anyone who cannot attend the meeting.

### Agenda item 2: Acknowledgement of Country

“I wish to acknowledge the Bunurong Boon Wurrung and Wurundjeri Woi Wurrung peoples of the Eastern Kulin Nation as Traditional Custodians of the land on which this meeting is held. We pay respect to the Elders, past, present, and emerging, and recognise the continuing connection and contribution to this land. I would like to extend this respect to any First Nations people who are part of the Community & Social Housing Limited community.”

### Agenda item 3: Minutes of previous meeting

#### Community & Social Housing Limited Board meeting minutes

**Date:** Friday 19 August 2022

**Location:** Brisbane office

**Present:** Scott (chair), Margaret, Hope, Ellen, Sabina, Harvey, YOU  
Edmund, Ferguson (virtually)

**Apologies:** Thomas, Shannon, Yule, Irwin

**In attendance:** Jessica

**Site tour:** All physical attendees were provided with a tour of Arana Hills, the site proposed for new affordable housing development. The State Government has approached CASH with funding to develop the property and written details for board consideration will be presented at the September board meeting.

**Meeting commenced:** 11:30am

#### Acknowledgement of country:

“I wish to acknowledge the Turrbal people as Traditional Custodians of the land on which this meeting is held. We pay respect to the Elders, past, present, and emerging, and recognise the continuing connection and contribution to this land. I would like to extend this respect to any First Nations people who are part of the Community & Social Housing Limited community.”



**Minutes of previous meeting:** Minutes of previous meeting were agreed as a true and correct record of board discussions and resolutions.

**Matters arising:** No matters were carried forward from the previous meeting.

**Conflicts of interest:** No conflicts of interest were declared in relation to any items listed for discussion during the meeting. Everyone is free to contribute on all agenda items.

**Meeting opened:** Chair opened the meeting. A quorum of directors was present.

## Correspondence

Various correspondence received from state and federal governments regarding funding. These were discussed. Margaret to action as discussed.

Various correspondence from tenants regarding several requests for property upgrades and additional financial support. Margaret to action in accordance with CASH policies.

## CFO update

Jessica provided a verbal update on July financial performance.

Due to complications with a recent upgrade of the financial systems, plus workloads on the finance team including dealing with the 2022/23 budget, interim audit and the year end audit, there was not enough time to complete the July financial statements prior to the August board meeting. Jessica stated she expected financials to be available for the September meeting.

## MD Update

Margaret apologised about the lack of financial information, but she suggested that sometimes these types of things happen.

She provided a verbal update covering:

- Queensland State Government proposal relating to Arana Hills.
- Potential merger with New Zealand based Bay of Plenty Housing Corporation Limited. As previously approved, a letter of intent was signed by both parties, providing our management team with access to required information to undertake due diligence. Further information based on this due diligence will be presented at next month's board meeting.

- Current thinking regarding board remuneration. Remuneration changes are effective from 1 July. A detailed proposal to be presented at the September meeting for approval
- Details of key reporting metrics in line with the National Regulatory System for Community Housing (NRSCH) suggestions. CASH is currently meeting a majority of suggested benchmarks. There are a couple that need some work. Staff are looking into how these should be managed to ensure CASH meets its reporting requirements with NRSCH.

## New members

There were no applications for membership received during the period between board meetings.

## General business

Additional item of business included:

- Repairs required to a community housing building in Blacktown (western Sydney).
- Ellen and Sabina mentioned that they had recently received an increasing number of emails and texts from scammers. It would appear several other tenants had also noted a similar increase in these types of communication. Both Ellen and Sabrina said that the level of personal details the scammers appeared to know was concerning.

**Next meeting:** As a reward for the directors and all their hard work, and given our next meeting is scheduled to be held in Melbourne on a public holiday. A corporate box at the AFL Grand Final, to be held the day after the board meeting, has been arranged. CASH will cover accommodation, meals, and tickets. Please advise if you will be attending and the name of any accompanying person.

**Meeting closed:** Scott declared the meeting closed at 4pm.



## **Agenda item 4: Matters arising from previous meetings**

Assessment of Arana Hills proposal.

Merger proposal relating to Bay of Plenty Housing Corporation Limited.

Director remuneration changes to be agreed at September meeting.

## **Agenda item 5: Conflicts of interest**

Please advise if you have any conflicts of interest in relation to any items on today's agenda.

## **Agenda item 6: Major correspondence**

Proposal from Queensland State Government for CASH to develop a new 50-unit affordable housing facility in Arana Hills (north-west of Brisbane).

Proposal relating to Bay of Plenty Housing Corporation Limited.

## Agenda item 7: CFO/ Financial reports

Below are the financial statements for the month ended 31 August 2022 for approval.

A couple of key items to note include:

- Budget is as approved by the board in June 2022 for the year ending 30 June 2023. I have applied seasonality to the annual budget approved by the board, based on what I expect will occur.
- Tenant revenue is below budget, principally due to shortfalls in Victoria and Queensland. The budget was formed on the assumption of \$170 per week for all properties under management. Victoria and Queensland are well below this rate and need to put in place actions to improve the weekly rental from their properties.
- Government grant revenue is close to budget. This was to be expected as the budget was based on discussions with governments regarding anticipated funding.
- On the positive side, employment costs are under budget. This is due to staffing numbers being below budget by 25 FTE (full time equivalent). It is expected additional staff will be employed in the second half of the financial year.
- Director benefits are based on the planned director salary increases. Monthly payments were increased in July, in line with the proposed increases.
- Other expenses are over budget as we have incurred some additional costs re special projects and an increase in IT costs during the period.
- Bank balance still looks healthy (up almost \$1 million on 30 June). This is a clear indicator we can afford the increase in director remuneration as well as having sufficient cash to pursue our strategic goals. At the end of August, we had \$48.3 million in the bank.

Appendix A—Financial Information contains a five-year summary of our financial performance, plus ratio analysis for this period. Within this information is an extract of the 2022 financial statements. If you have any questions regarding the annual financial statements, when you receive them, please give me a call.

Jessica Kent, Chief Financial Officer



**Community & Social Housing Limited**  
**Profit & Loss for the period ended 31 August 2022**

	Victoria	NSW	Qld	NZ	Admin	Total	Budget	Variance
Properties	2,682	3,693	2,358	75		8,808	9,000	
Average rent per week per property	\$163.45	\$178.69	\$157.85	\$169.21		\$168.39	\$170.00	
Average government support per week per property	\$45.58	\$37.58	\$32.58	\$25.58		\$38.58	\$38.50	
Staff	104	129	98	9	35	375	400	
Average weekly wage	\$1,315.00	\$1,364.00	\$1,485.00	\$1,306.00	\$2,069.00	\$1,446.44	\$1,453.50	
<b>Revenue</b>								
Tenant revenue	3,945,356	5,939,120	3,349,893	114,217		13,348,586	13,770,000	(421,414)
Grant revenue	1,100,210	1,249,046	691,413	17,267		3,057,936	3,118,500	(60,564)
Fair value adjustment to investment property	0	0	0	0		0	0	0
Other income	0	0	0	0	2,963,203	2,963,203	2,950,000	13,203
<b>Total Revenue</b>	<b>5,045,566</b>	<b>7,188,166</b>	<b>4,041,306</b>	<b>131,484</b>	<b>2,963,203</b>	<b>19,369,725</b>	<b>19,838,500</b>	<b>(468,775)</b>
<b>Expenses</b>								
Employee benefits	1,230,840	1,583,604	1,309,770	105,786	651,735	4,881,735	5,232,600	350,865
Director benefits					158,333	158,333	160,000	1,667
Motor vehicles expenses	16,984	15,396	8,561	1,286	0	42,227	34,425	(7,802)
Property expenses	2,663,115	4,092,053	2,130,532	69,101	0	8,954,801	8,950,500	(4,301)
Insurance	558,750	769,375	491,250	15,625	2,500	1,837,500	1,835,000	(2,500)
Depreciation	394,536	593,912	334,989	11,422	0	1,334,859	1,377,000	42,141
Amortisation of right-of-use asset	250,000	500,000	250,000	0	0	1,000,000	1,000,000	0
Other	106,930	146,298	88,233	5,818	45,369	392,648	352,445	(40,203)
<b>Total Expenses</b>	<b>5,221,155</b>	<b>7,700,638</b>	<b>4,613,335</b>	<b>209,038</b>	<b>857,937</b>	<b>18,602,103</b>	<b>18,941,970</b>	<b>339,867</b>
<b>Profit before interest and taxes</b>	<b>(175,589)</b>	<b>(512,472)</b>	<b>(572,029)</b>	<b>(77,554)</b>	<b>2,105,266</b>	<b>767,622</b>	<b>896,530</b>	<b>(128,908)</b>
Finance costs	0				764,384	764,384	765,000	616
<b>Profit before tax</b>	<b>(175,589)</b>	<b>(512,472)</b>	<b>(572,029)</b>	<b>(77,554)</b>	<b>1,340,882</b>	<b>3,238</b>	<b>131,530</b>	<b>(128,292)</b>
Income tax expense	0	0	0	0	0	0	0	0
<b>Profit after tax</b>	<b>(175,589)</b>	<b>(512,472)</b>	<b>(572,029)</b>	<b>(77,554)</b>	<b>1,340,882</b>	<b>3,238</b>	<b>131,530</b>	<b>(128,292)</b>
Other comprehensive income	0					0	0	0
<b>Total Comprehensive Income for the Period</b>	<b>(175,589)</b>	<b>(512,472)</b>	<b>(572,029)</b>	<b>(77,554)</b>	<b>1,340,882</b>	<b>3,238</b>	<b>131,530</b>	<b>(128,292)</b>

**Community & Social Housing Limited****Balance Sheet****As at 31 August 2022****Assets****Current**

Cash	48,320,418
Trade and other receivables	8,732,000
Other assets	1,254,000

<b>Total Current Assets</b>	<b>58,306,418</b>
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**Non-Current**

Property plant and equipment	11,369,000
Right-of-use assets	47,000,000
Investment properties	488,087,475
Intangible assets	1,382,000
Other assets	1,168,000

<b>Total Non-Current Assets</b>	<b>549,006,475</b>
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<b>Total Assets</b>	<b>607,312,893</b>
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**Liabilities****Current**

Trade and other payables	15,698,000
Provisions	2,350,000
Lease liabilities	6,667,000
Other liabilities	1,015,000

<b>Total Current Liabilities</b>	<b>25,730,000</b>
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**Non-Current**

Interest bearing loans	105,000,000
Provisions	416,000
Lease liabilities	39,000,000
Other liabilities	110,000

<b>Total Non-Current Liabilities</b>	<b>144,526,000</b>
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<b>Total Liabilities</b>	<b>170,256,000</b>
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<b>Net Assets</b>	<b>437,056,893</b>
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**Equity**

Contributed equity	10,000
Reserves	218,990,000
Retained earnings	218,056,893

<b>Total Equity</b>	<b>437,056,893</b>
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## Community & Social Housing Limited

### Statement of Cashflow

For the period ended 31 August 2022

#### Cashflows from operating activities

Receipts from tenants and other income	16,158,788
Payments to suppliers and employees	(17,228,246)
Receipts from grants	3,057,936
Finance costs	(764,384)

<b>Net cash inflow from operating activities</b>	<b>1,224,094</b>
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#### Cashflows from investing activities

Purchase of plant and equipment	(258,333)
Purchase of investment properties	(0)
Payments for goodwill	0

<b>Net cash outflow from investing activities</b>	<b>(258,333)</b>
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#### Cashflows from financing activities

Proceeds from borrowings	0
Repayment of borrowings	0

<b>Net cash inflows from financing activities</b>	<b>0</b>
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Net increase / decrease in cash	965,761
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Cash and cash equivalents at beginning of the year	47,354,657
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<b>Cash and cash equivalents at end of the period</b>	<b>48,320,418</b>
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## Agenda item 8: Managing Director's report

The first couple of months have been reasonable from a financial perspective. We have basically **broken even over the first two months**, which is better than what we achieved for the same period last year. From my perspective however, the key issue is the level of **property expenses**. We cannot keep spending money on our properties if we do not hit our revenue targets. As a result, I have asked Shirley to review the planned maintenance schedule and delay those maintenance items that are not considered critical, until our rental returns catchup to budget.

I am also concerned about rental collections. The current economic environment has placed significant financial pressure on several of our tenants, and some have fallen behind on their rental payments. I have therefore asked Shirley and her team to work on a program for early identification of tenants at risk of rent default. Where tenants are identified as potentially at risk, the team will contact them to develop a plan to ensure they continue to meet their financial commitments to CASH.

We put increases in director remuneration on hold in 2019 in response to the pandemic. It is therefore well past time for us to update director remuneration. This is normally something that would be approved by the Remuneration & Employment committee, however given the sensitivity of this issue, Scott and I think it more appropriate for the whole board to consider this. The below table provides details of the planned changes in remuneration for the 2023 financial year:



Person	Position	Chair	Director	Subsidiary Director	Committee Chair	F&R Committee	R&EM Committee	Total	2022
Scott Beasley	Chair	\$50,000	\$55,000	\$10,000			\$15,000	\$130,000	\$108,750
Margaret Chapman	Managing Director		\$55,000	\$10,000	\$10,000		\$15,000	\$90,000	\$67,500
Hope Eyre	Director		\$55,000	\$10,000			\$15,000	\$80,000	\$60,000
Ellen Durack	Director		\$55,000	\$10,000				\$65,000	\$48,750
Edmund Nullagine	Director		\$55,000	\$10,000				\$65,000	\$48,750
Thomas Young	Director		\$55,000	\$10,000	\$10,000	\$15,000		\$90,000	\$67,500
Sabina Bannister	Director		\$55,000	\$10,000		\$15,000		\$80,000	\$60,000
Ferguson Turner	Director		\$55,000	\$10,000				\$65,000	\$48,750
Yule Canning	Director		\$55,000	\$10,000				\$65,000	\$48,750
Irwin Blackwood	Director		\$55,000	\$10,000				\$65,000	\$48,750
Shannon Gascoyne	Director		\$55,000	\$10,000		\$15,000		\$80,000	\$60,000
YOU	Director		\$55,000	\$10,000				\$65,000	\$0
Blue Jacobs	NZ Director			\$10,000				\$10,000	\$7,500
<b>Total</b>		<b>\$50,000</b>	<b>\$660,000</b>	<b>\$130,000</b>	<b>\$20,000</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$950,000</b>	<b>\$675,000</b>

As mentioned in Jessica's report these increases have already been reflected in everyone's monthly payment, and the changes are in line with the budget. Therefore, I seek formal board approval for the above changes in director remuneration.

I have already approved changes to executive remuneration, also implemented from 1 July. These changes will be presented to the Remuneration & Employment committee when they next meet. I also hope we can approve the candidates for various vacant positions at this meeting.

Several things have progressed in the last month. First, we have received the proposal from the Queensland State Government in relation to Arana Hills. This is a great opportunity for us to work with government in developing more social housing alternatives. While we have not traditionally developed properties on this scale, we have plenty of skills in-house to ensure we do this well.

The second item of note is the proposed merger (or should I say acquisition) of the Bay of Plenty Housing Corporation Limited. This would be undertaken through our New Zealand subsidiary and allow us to increase our footprint in New Zealand and to increase our impact on the New Zealand market. I would therefore urge the board to support this opportunity.

Margaret



## Agenda item 9: Development proposal— Arana Hills

As all directors would be aware, we have a parcel of land at Arana Hills, north-west of Brisbane CBD. The site has council approval for low density housing. On this basis, we could construct approximately 15, three-bedroom residences on the site. We have held this land for several years, whilst we finalise plans for the site and determine how we should fund the development.

I was approached by a State Government department last month to see if we would be interested in a higher density plan for the site. The higher density plan would allow us to construct a multiple unit block on the site. The unit block would allow for a range of one, two and three-bedroom apartments to be constructed. As a result, the total number of residences would increase from 15 to 50. The government is also requesting green space be included into the development.

A 50-residence development would cost in the order of \$20-25 million. To fund this larger development the government has suggested the following model:

- sale of 40% of the units (i.e. 20 units)—raising \$12.5 million
- government grant \$5 million
- CASH funded balance.

As a result, we would have access to 30 (i.e. 50 less 20 to be sold) new residences, that we could make available to people. This would be double what we could currently provide on the site.

While this is not the type of development we have undertaken in the past, it does appear to be the direction that some governments are heading towards.

The government department has sent through paperwork in relation to this proposal and committed to ensuring approval for the change in the development approval for the site, as well as fast tracking approval of construction plans. The government's goal is to have this development completed within the next 24 months (prior to the next election).

From my perspective this is a no brainer. We gain access to an extra 30 properties and the State Government funds 20% of the development. Given how hot the property market is now, we should have no trouble selling 20 units for a good margin.

I have already advised the relevant local government minister we are interested in this proposal, and they have scheduled a press conference to announce this new development partnership on site for Wednesday next week.

I am therefore seeking board approval to enter an agreement with the State Government in relation to Arana Hills.

Margaret

## Agenda item 10: Merger proposal—Bay of Plenty Housing Corporation Limited

Following on from discussions at last month's board meeting, the following provides an outline of the Bay of Plenty Housing Corporation Limited merger proposal:

- The acquisition of Bay of Plenty Housing Corporation is clearly in line with our strategy to increase CASH's presence in New Zealand. This is also being encouraged by the New Zealand Government who see CASH as a good model for other social/affordable housing providers in New Zealand.
- Bay of Plenty Housing Corporation is currently asset rich and cash poor. It owns 140 properties. A majority of these properties were originally donated to Bay of Plenty Housing Corporation by the New Zealand Government approximately 35 years ago. As a result, these properties need substantial work to maintain and upgrade them. Additionally, there is a long-term loan facility that is due to expire in December 2022. Part of the agreement limits any future disposal of existing Bay of Plenty Housing Corporation properties until December 2027.
- All assets and liabilities of Bay of Plenty Housing Corporation will be transferred to CASH (NZ) Limited. Bay of Plenty Housing Corporation will then be wound up. As Bay of Plenty Housing Corporation is a registered charity in New Zealand, under its constitution it cannot make a distribution to members.
- All current members of Bay of Plenty Corporation are to become members of CASH.
- Of the current board members of Bay of Plenty Corporation, two are to become board members of CASH.
- Given CASH's constitutional limits on the number of board members, the appointment of two people from Bay of Plenty Housing Corporation will mean two of our current board will need to step down as directors of CASH.
- With the integration of Bay of Plenty Housing Corporation, it is expected a number of efficiencies will be realised, including the reduction of two to three staff, including the current CEO of Bay of Plenty Housing Corporation.

A copy of the most recent audited financial statements and details of the current directors are provided in Appendix B—Bay of Plenty Housing Corporation Limited information.



A final decision on this acquisition needs to be made at our October board meeting. It is therefore suggested we form a sub-committee chaired by YOU to provide the following for the next board meeting:

1. Key reasons for the board to support this acquisition.
2. Key concerns/risks in relation to the acquisition.
3. Preferred board candidates for both the positions on CASH's board and the CASH (NZ) board and why they are preferred.
4. Suggested current CASH board members who should step down to make way for the new board members and why they are the most appropriate people from CASH's perspective.

Margaret

## Agenda item 11: Cyber incident

In early August we were the subject of a cyber attack. The attack involved two incidents.

The first incident related to ransomware. A senior staff member opened an email and clicked on a link. As a result, ransom software was downloaded onto our network. The software was activated when the staff member double clicked a pop-up on their computer. The ransomware, when activated, blocked access to all files the person had access to on the network. In effect blocking access to around 85 per cent of our files.

Fortunately, a number of staff members had placed copies of files they access on a regular basis onto USB drives, enabling them to continue working.

The IT group worked with a local IT company to resolve the blocked access, however were unsuccessful. As a result, we paid the ransom and access to all the affected files has been restored. The ramifications of the staff member's actions have been highlighted to them and a note has been placed on their employment record. They have been advised should something similar happen in the future, their employment will be terminated.

The second incident was a little more serious. It would appear our servers were also hacked. The hackers appeared to have gained access to our systems, during the monthly maintenance update. The monthly update is normally performed onsite by our IT staff. However, in August, Marcus Wilson (Head of IT), performed the updates from a remote site, due to illness. The hackers appear to have used the program Marcus used to access the network to also gain access to our network. One of Marcus's team noted the breach the following day, during a review of the daily IT logs.

It appears the hackers have accessed tenant records, including names, addresses, bank, and social security information. The logs indicate this information was downloaded, but not altered. The backdoor used by the hackers to piggyback on Marcus's login has now been closed. The IT team are also investigating more secure software if remote access is required in the future.

At this stage, as no one has advised us of any issues, it would seem none of our tenants have been impacted by this incident. We are continuing to monitor the situation and will take any action required, based on the circumstances.

Given two incidents in one month, I have engaged the local IT company who assisted with the ransomware incident to undertake a complete review of all our IT protocols. I expect to have this detailed report for the next board meeting.

Maddison Goodga, Head of Corporate Services



## Agenda item 12: Finance and Risk committee report

The Finance & Risk committee met on Tuesday 13 September 2022. Present were myself, Sabina, Shannon and Jessica. Also in attendance at the start was Jacinta Pool, audit partner from Big Ticker (CASH's auditor).

First order of business was the annual financial reports. Jacinta reported that the auditors had completed their audit of CASH's financial statements for the year ended 30 June 2022, including a review of the internal controls, as part of their interim audit.

Given the audit team had all worked on CASH's audit for several years, they already had a good understanding of CASH's business. That combined with Jessica's very organised and professional approach meant that the audit ran smoothly.

The key area of risk for the auditors relates to the value of investment properties owned by CASH, and the fair value adjustment at year end. A majority of these properties are occupied by tenants, whilst others relate to land held for future development. Given the recent increases in the property market, it was not unexpected that the value of these properties has increased year on year. The difficult part is determining by how much. The fair value adjustment recognised is around 1.55% of the total value of properties held. This seems conservative given the level of market increase across territories where CASH operates.

Jacinta also asked about the level of cash reserves currently held by CASH, and how this resource is expected to be used. I explained the board had several projects under consideration, where this money would be required.

Committee members asked Jessica and Jacinta a number of questions, which were answered to the committee's satisfaction.

**Resolved:** To approve the 2022 annual financial statements and have Scott and Margaret sign the Directors' Report and Directors' Declaration.

**Resolved:** Once the financial statements are signed, to send the annual financial statements and the annual report to members, along with the notice of the annual general meeting, to be held on Friday October 21.

Jacinta left the meeting.

There was a general discussion about the auditors and their performance. It was agreed that they had performed their roles adequately and provided they did not request a large increase in their fees for the 2023 year, that they should be retained as auditors.



Two key risk areas were discussed. These being:

1. Recent cyber incidents. It was agreed that whilst these incidents were unfortunate, there did not appear to be any major harm to CASH or its reputation. Given this, it appears that Marcus and his team have reacted well to each of the incidents, and the planned review should identify any further risks. The committee agreed to continue to monitor this area of risk moving forward.
2. **Insurance**. CASH's various insurance policies are due for renewal. As per normal the greatest area of concern relates to insurance of the investment properties. With the large increases in insurance costs over recent years it has become difficult to maintain adequate levels of insurance. The current budget is based on \$1,250 per property. The concern is to get appropriate cover it is likely to cost closer to \$1,500 per property. **This difference would be worth around \$2.2 million.** Jessica suggested that if this happened, CASH may have no choice other than to **under insure its investment properties and therefore self-insure some of the properties.**

No other business was discussed.

Thomas



## Agenda item 13: Housing priority

We currently have access to 8,808 properties. Of these around 265 are currently unoccupied. Some of these are undergoing renovation (following previous tenants moving out) whilst others are not suitable for habitation without major investment.

Based on the below table, you will note that we have 761 applicants for the 265 vacant properties.

Location	Number of properties	Unoccupied	Applicants
Victoria	2,682	40	259
New South Wales	3,693	150	362
Queensland	2,358	75	125
New Zealand	75	0	15
<b>Total</b>	<b>8,808</b>	<b>265</b>	<b>761</b>

Normally applications are assessed based on need, as well as access to government rental support. Assessments are conducted by one of my team in each state.

Recently it has become apparent that directors and senior staff may know certain applicants and therefore have a better understanding of their needs for accessing one of our properties.

As a result, I have adjusted the process to allow directors and senior staff to highlight “special cases” to assessment staff. In these circumstances assessment staff will give priority to “special cases” in granting access to available affordable housing.

Shirley Williams

## **Agenda item 14: New members**

Applications for membership have been received from the following people:

- Sarah Billings
- Michael Lui
- Elizabeth Zhu
- Mary Eyre.

All applicants have completed the required forms and declarations. Forms for Sarah, Michael and Elizabeth were received after our normal monthly cut-off date.

Therefore, it is proposed that we admit Mary as a member, effective immediately, then consider the other applications at the October board meeting.

Yule Canning, Head of Membership



## Appendix A—Financial information

### Community & Social Housing Limited

#### Statement of Profit and Loss and Other Comprehensive Income

For The Year ended 30 June 2022

('000's)	2022	2021	2020	2019	2018
<b>Revenue</b>					
Tenant revenue	76,630	74,866	73,000	66,301	64,720
Grant revenue	16,295	16,227	15,396	14,853	14,818
Fair value adjustment to investment property	7,250	4,350	285	(1,000)	500
Other income	11,638	12,654	9,365	7,521	6,240
<b>Total Revenue</b>	<b>111,813</b>	<b>108,097</b>	<b>98,046</b>	<b>87,675</b>	<b>86,278</b>
<b>Expenses</b>					
Employee benefits	29,119	28,449	27,740	25,194	24,594
Director benefits	675	675	675	675	650
Motor vehicles expenses	192	187	182	166	162
Property expenses	49,809	48,663	47,450	43,096	42,068
Insurance	11,010	10,813	10,563	9,988	9,688
Depreciation	7,663	7,487	7,300	6,630	6,472
Amortisation of right-of-use asset	6,000	6,000	6,000	0	0
Other	2,184	2,134	2,080	1,890	1,845
<b>Total Expenses</b>	<b>106,652</b>	<b>104,408</b>	<b>101,990</b>	<b>87,639</b>	<b>85,479</b>
<b>Profit before interest and taxes</b>	<b>5,161</b>	<b>3,689</b>	<b>(3,944)</b>	<b>36</b>	<b>799</b>
Finance costs	4,500	2,600	1,950	2,250	2,250
<b>Profit before tax</b>	<b>661</b>	<b>1,089</b>	<b>(5,894)</b>	<b>(2,214)</b>	<b>(1,451)</b>
Income tax expense	0	0	0	0	0
<b>Profit after tax</b>	<b>661</b>	<b>1,089</b>	<b>(5,894)</b>	<b>(2,214)</b>	<b>(1,451)</b>
Other comprehensive income	0	0	0	0	0
<b>Total Comprehensive Income for the Year</b>	<b>661</b>	<b>1,089</b>	<b>(5,894)</b>	<b>(2,214)</b>	<b>(1,451)</b>

**Community & Social Housing Limited****Statement of Changes in Equity****For the year ended 30 June 2022**

('000's)	Contributed Equity	Asset Revaluation Reserve	Retained Earnings	Total Equity
<b>Balance at 1 July 2017</b>	10	218,990	222,848	441,848
Profit for year			(1,451)	(1,451)
Issue of shares				0
<b>Balance at 30 June 2018</b>	<b>10</b>	<b>218,990</b>	<b>221,397</b>	<b>440,397</b>
Balance at 1 July 2018	10	218,990	221,397	440,397
Profit for year			(2,214)	(2,214)
Issue of shares				0
<b>Balance at 30 June 2019</b>	<b>10</b>	<b>218,990</b>	<b>219,183</b>	<b>438,183</b>
Balance at 1 July 2019	10	218,990	219,183	438,183
Profit for year			(5,894)	(5,894)
Adjustment re adoption of accounting standard			3,000	3,000
Issue of shares				0
<b>Balance at 30 June 2020</b>	<b>10</b>	<b>218,990</b>	<b>216,289</b>	<b>435,289</b>
Balance at 1 July 2020	10	218,990	216,289	435,289
Profit for year			1,089	1,089
Issue of shares	0			0
<b>Balance at 30 June 2021</b>	<b>10</b>	<b>218,990</b>	<b>217,378</b>	<b>436,378</b>
Balance at 1 July 2021	10	218,990	217,378	436,378
Profit for year			661	661
Issue of shares				0
<b>Balance at 30 June 2022</b>	<b>10</b>	<b>218,990</b>	<b>218,039</b>	<b>437,039</b>

**Community & Social Housing Limited****Statement of Financial Position****As at 30 June 2022**

('000's)	2022	2021	2020	2019	2018
<b>Assets</b>					
<b>Current</b>					
Cash	47,341	38,016	14,273	23,292	45,535
Trade and other receivables	8,579	9,407	9,489	8,789	8,328
Other assets	1,254	883	654	2,371	642
<b>Total Current Assets</b>	<b>57,174</b>	<b>48,306</b>	<b>24,416</b>	<b>34,452</b>	<b>54,505</b>
<b>Non-Current</b>					
Property plant and equipment	11,269	11,065	10,634	10,365	9,755
Right-of-use assets	48,000	54,000	60,000	0	0
Investment properties	489,264	468,932	456,398	436,231	417,698
Intangible assets	1,382	1,382	1,382	1,382	1,382
Other assets	1,168	735	286	250	0
<b>Total Non-Current Assets</b>	<b>551,083</b>	<b>536,114</b>	<b>528,700</b>	<b>448,228</b>	<b>428,835</b>
<b>Total Assets</b>	<b>608,257</b>	<b>584,420</b>	<b>553,116</b>	<b>482,680</b>	<b>483,340</b>
<b>Liabilities</b>					
<b>Current</b>					
Trade and other payables	16,249	14,951	13,175	12,500	11,365
Provisions	2,350	2,150	1,045	1,175	950
Lease liabilities	8,000	8,000	8,000	0	0
Other liabilities	105	380	128	368	204
<b>Total Current Liabilities</b>	<b>26,704</b>	<b>25,481</b>	<b>22,348</b>	<b>14,043</b>	<b>12,519</b>
<b>Non-Current</b>					
Interest bearing loans	105,000	75,000	40,000	30,000	30,000
Provisions	416	425	405	396	385
Lease liabilities	39,000	47,000	55,000	0	0
Other liabilities	98	136	74	58	39
<b>Total Non-Current Liabilities</b>	<b>144,514</b>	<b>122,561</b>	<b>95,479</b>	<b>30,454</b>	<b>30,424</b>
<b>Total Liabilities</b>	<b>171,218</b>	<b>148,042</b>	<b>117,827</b>	<b>44,497</b>	<b>42,943</b>
<b>Net Assets</b>	<b>437,039</b>	<b>436,378</b>	<b>435,289</b>	<b>438,183</b>	<b>440,397</b>
<b>Equity</b>					
Contributed equity	10	10	10	10	10
Reserves	218,990	218,990	218,990	218,990	218,990
Retained earnings	218,039	217,378	216,289	219,183	221,397
<b>Total Equity</b>	<b>437,039</b>	<b>436,378</b>	<b>435,289</b>	<b>438,183</b>	<b>440,397</b>

**Community & Social Housing Limited****Statement of Cashflows****For the year ended 30 June 2022**

('000's)	2022	2021	2020	2019	2018
<b>Cashflows from operating activities</b>					
Receipts from tenants and other income	89,096	87,602	81,665	73,361	70,882
Payments to suppliers and employees	(100,617)	(96,384)	(86,679)	(81,433)	(79,479)
Receipts from grants	16,295	16,227	15,396	14,853	14,818
Finance costs	(4,500)	(2,600)	(1,950)	(2,250)	(2,250)
<b>Net cash inflow from operating activities</b>	<b>274</b>	<b>4,845</b>	<b>8,432</b>	<b>4,531</b>	<b>3,971</b>
<b>Cashflows from investing activities</b>					
Purchase of plant and equipment	(1,331)	(1,538)	(1,332)	(1,647)	(1,231)
Purchase of investment properties	(19,618)	(14,564)	(26,119)	(25,127)	(26,456)
Payments for goodwill	0	0	0	0	(175)
<b>Net cash outflow from investing activities</b>	<b>(20,949)</b>	<b>(16,102)</b>	<b>(27,451)</b>	<b>(26,773)</b>	<b>(27,862)</b>
<b>Cashflows from financing activities</b>					
Proceeds from borrowings	30,000	35,000	10,000	0	0
<b>Net cash inflows from financing activities</b>	<b>30,000</b>	<b>35,000</b>	<b>10,000</b>	<b>0</b>	<b>0</b>
Net increase / decrease in cash	9,325	23,743	(9,019)	(22,243)	(23,891)
Cash and cash equivalents at beginning of the year	38,016	14,273	23,292	45,535	69,426
<b>Cash and cash equivalents at end of the year</b>	<b>47,341</b>	<b>38,016</b>	<b>14,273</b>	<b>23,292</b>	<b>45,535</b>



## Community & Social Housing Limited

### Ratio analysis

	2022	2021	2020	2019	2018
<b>Liquidity Ratios</b>					
Current ratio	2.14	1.90	1.09	2.45	4.35
<b>Operating Ratios</b>					
Days receivables	40.86	45.86	47.45	48.39	46.97
Days payable	93.85	88.30	79.78	82.75	77.16
Revenue to assets	0.17	0.18	0.18	0.18	0.18
<b>Financing Ratios</b>					
Debt to equity	0.39	0.34	0.27	0.10	0.10
Interest-bearing debt to equity	0.24	0.17	0.09	0.07	0.07
Interest cover	1.15	1.42	(2.02)	0.02	0.36
<b>Profitability ratios</b>					
EBIT margin	5.55%	4.05%	-4.46%	0.05%	1.01%
Return on assets	0.85%	0.63%	-0.71%	0.01%	0.17%
Return on equity	0.15%	0.25%	-1.35%	-0.50%	-0.33%



# Appendix B—Bay of Plenty Housing Corporation Limited information

## Financial information

Bay of Plenty Housing Corporation Limited		
Profit & Loss Statement		
For the year ended 31 March 2022		
(NZD)	2022	2021
<b>Revenue</b>		
Tenant revenue	1,425,900	1,404,732
Grant revenue	119,000	122,640
Fair value adjustment to investment property	250,000	126,000
Other income	638,000	654,000
<b>Total Revenue</b>	<b>2,432,900</b>	<b>2,307,372</b>
<b>Expenses</b>		
Employee benefits	499,065	484,633
Director benefits	0	0
Motor vehicles expenses	14,520	12,368
Property expenses	926,835	913,076
Insurance	175,000	175,000
Depreciation	108,796	105,355
Amortisation of right-of-use asset	0	0
Other	37,430	36,347
<b>Total Expenses</b>	<b>1,761,646</b>	<b>1,726,779</b>
<b>Profit before interest and taxes</b>	<b>671,254</b>	<b>580,593</b>
Finance costs	390,000	390,000
<b>Profit before tax</b>	<b>281,254</b>	<b>190,593</b>
Income tax expense	0	0
<b>Profit after tax</b>	<b>281,254</b>	<b>190,593</b>
Other comprehensive income	0	0
<b>Total Comprehensive Income for the Year</b>	<b>281,254</b>	<b>190,593</b>



## Bay of Plenty Housing Corporation Limited

## Balance Sheet

As at 31 March 2022

(NZD)	2022	2021
<b>Assets</b>		
<b>Current</b>		
Cash	2,554	17,372
Trade and other receivables	168,369	163,943
Other assets	44,687	38,385
<b>Total Current Assets</b>	<b>215,610</b>	<b>219,700</b>
<b>Non Current</b>		
Property plant and equipment	325,398	306,234
Right-of-use assets	0	0
Investment properties	95,150,000	94,825,000
Intangible assets	0	0
Other assets	0	0
<b>Total Non Current Assets</b>	<b>95,475,398</b>	<b>95,131,234</b>
<b>Total Assets</b>	<b>95,691,008</b>	<b>95,350,934</b>
<b>Liabilities</b>		
<b>Current</b>		
Trade and other payables	281,368	235,361
Provisions	38,385	35,458
Lease liabilities	0	0
Interest bearing loans	6,500,000	0
Other liabilities	105,254	95,368
<b>Total Current Liabilities</b>	<b>6,925,007</b>	<b>366,187</b>
<b>Non Current</b>		
Interest bearing loans	0	6,500,000
Provisions	0	0
Lease liabilities	0	0
Other liabilities	0	0
<b>Total Non Current Liabilities</b>	<b>0</b>	<b>6,500,000</b>
<b>Total Liabilities</b>	<b>6,925,007</b>	<b>6,866,187</b>
<b>Net Assets</b>	<b>88,766,001</b>	<b>88,484,747</b>
<b>Equity</b>		
Contributed equity	0	0
Reserves	85,221,368	85,221,368
Retained earnings	3,544,633	3,263,379
<b>Total Equity</b>	<b>88,766,001</b>	<b>88,484,747</b>

**Bay of Plenty Housing Corporation Limited**  
**Statement of Cashflows**  
**For the year ended 31 March 2022**

(NZD)	2022	2021
<b>Cashflows from operating activities</b>		
Receipts from tenants and other income	2,059,474	2,060,173
Payments to suppliers and employees	(1,600,332)	(1,599,390)
Receipts from grants	119,000	122,640
Finance costs	(390,000)	(390,000)
<b>Net cash inflow from operating activities</b>	<b>188,142</b>	<b>193,423</b>
<b>Cashflows from investing activities</b>		
Purchase of plant and equipment	(46,664)	(40,083)
Purchase/Upgrade of investment properties	(156,296)	(149,666)
Payments for goodwill	0	0
<b>Net cash outflow from investing activities</b>	<b>(202,960)</b>	<b>(189,749)</b>
<b>Cashflows from financing activities</b>		
Proceeds from borrowings	0	0
<b>Net cash inflows from financing activities</b>	<b>0</b>	<b>0</b>
Net increase / decrease in cash	(14,818)	3,674
Cash and cash equivalents at beginning of the year	17,372	13,698
<b>Cash and cash equivalents at end of the year</b>	<b>2,554</b>	<b>17,372</b>

## Existing directors

### Ari Motu—Chair

Gender—Male

Age—63

Qualifications—Bachelor of Law, Member of Institute of Directors New Zealand

Year appointed—2005

Experience—has served on several for profit and not-for-profit boards over a period of 30 years. Has also served on three New Zealand listed companies. Currently serves on five boards (including Bay of Plenty Housing Corporation), three as chair.

Details—Ari is a partner in a law firm based in Auckland. The law firm specialises in representing plaintiffs against insurance companies. His area of speciality relates to motor vehicle accidents. Ari has made it clear he plans to retire when he turns 65. At that time, he will focus on supporting a couple of not-for-profit organisations where he has a strong commitment to their stated social objectives.<sup>144</sup>



## **Maia Hutt—Managing Director**

Gender—Female

Age—58

Qualifications—Bachelor of Science

Year appointed—2020

Experience—has served on a number of not-for-profit boards with a focus on providing community-based housing. Currently does not serve on any other boards.

Details—was previously the Managing Director of a large social housing provider based in Auckland. Took on the role at Bay of Plenty Housing Corporation as part of a decision to move away from the city. Has worked in provision of social housing (including a period in a government agency) since graduation from university.

## **Kauri Motu**

Gender—Male

Age—68

Qualifications—Member of Institute of Directors New Zealand

Year appointed—2009

Experience—no other director experience, except as a director of his own business.

Details—owner of a local property maintenance company that provides services to Bay of Plenty Housing Corporation. Services provided include planned and emergency maintenance.

## **Amelia Sharma**

Gender—Female

Age—45

Qualifications—Bachelor of Business, Chartered Accountant

Year appointed—2015

Experience—serves on the board of three local not-for-profits including the local rugby club.

Details—Amelia is a senior manager in the Bay of Plenty office for a national accounting firm. She specialises in providing commercial advisory services to her clients. Several of her clients are large unlisted public companies.

## Ryan Eglington

Gender—Male

Age—75

Qualifications—Bachelor of Humanities and Social Sciences, Member of Institute of Company Directors Australia

Year appointed—2009

Experience—Ryan served on several ASX listed company boards in Australia and New Zealand.

Details—Ryan is a former CEO of a property development company in Australia. He emigrated to New Zealand in 2007 following an unexpected resignation from his position as the CEO of an unlisted public company. It is still unclear why he decided to resign that position. Ryan accumulated significant wealth during his corporate career and currently dedicates his time to helping social enterprises in New Zealand and overseas.

## Kiara Lal

Gender—Female

Age—58

Qualifications—none

Year appointed—2010

Experience—no other board experience.

Details—Kiara is a tenant representative on the board. She has been a beneficiary of the Bay of Plenty Housing Corporation's programs since 1998. Kiara suffers from a physical disability resulting from a workplace accident. As a result, she is unable to work more than 20 hours per week.



## **Zachary Jacobs**

Gender—Male

Age—40

Qualifications—Bachelor of Humanities

Year appointed—2019

Experience—no other board experience.

Details—Zachary is a mid-level executive with a New Zealand regional council in the Bay of Plenty area. His aunt is Blue Jacobs. At a family gathering in 2018, Zachary suggested to Blue that he would like to get more involved in his local community as well as developing a director career. As a result, Blue put Zachary in touch with Ari Motu. Ari interviewed Zachary and offered him a position on the board of Bay of Plenty Housing Corporation.

## **Dr Ariana Lye**

Gender—Female

Age—35

Qualifications—Bachelor of Clinical Science, PhD in Psychology

Year appointed—2021

Experience—no other board experience.

Details—Ariana completed her PhD based on studying the long-term impacts on children of living in an area perceived to be at a social disadvantage. She discovered that societal perceptions of a person's social disadvantage can cause long-term detrimental consequences to a person's level of education and job prospects. As a result, she decided to work with not-for-profit organisations who support the socially disadvantaged in New Zealand. Bay of Plenty Housing Corporation was the first company to offer her a board position. She is currently exploring board positions with three other not-for-profit organisations.

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