



# Annual Report

Link Housing Ltd

2014-2015





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## Vision

A better future for those in need, through safe, affordable housing

## Purpose

To increase socially sustainable housing by being a leading community housing provider

## Values

- ✓ **ETHICAL** – Through transparency, fairness and honesty.
- ✓ **EXCELLENCE** – In everything we do.
- ✓ **RESPECTFUL** – Of everyone we work with.
- ✓ **ACCOUNTABLE** – To tenants and other stakeholders.
- ✓ **LEADERSHIP** – Courage to shape the future.

### Welcome to Link Housing Ltd's 2014-2015 Annual Report

**Drop in to see us at:** Level 12, 815 Pacific Highway, Chatswood NSW 2067

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**Email:** enquiries@linkhousing.org.au

## ABOUT US

Link Housing Ltd (Link Housing) is a Tier 1 Registered Community Housing Provider (CHP) operating primarily in northern Sydney NSW. We are one of the oldest not-for-profit community housing providers in NSW having been formed in 1984. We have a history of providing affordable rental accommodation to people on very low to moderate incomes.

Beginning with a handful of properties in 1984, the organisation now manages more than 1,318 dwellings across 26 Local Government Areas, Link Housing owns 250 dwellings. We have an independent skills-based Board, and the skills and financial capacity to deliver new ideas, concepts, and growth.

We aim to give a compassionate, client centred service for people who are at risk of homelessness or unable to afford market priced private rental in the Sydney Region.

The management services extend from placing tenants into their new home, the collection of rent, coordinating activities with support partners, through to managing the sustainable maintenance of the homes.

In 2013/14 Link established its core Strategic Objectives, centering on - PEOPLE, PARTNERSHIPS, PROPERTY & PERFORMANCE. One year on and we have made significant advancement to achieve our vision.

STRATEGIC THEME	STRATEGIC KPI	TARGET 2014/15	ACTUAL AS AT 30 JUNE 2015
PEOPLE	Consistently achieve a high tenant satisfaction with services	84%	86%
PARTNERSHIPS	Strategic discussions and networking with key partners	2 meetings x 6 councils 2 meetings x 4 banks Bi-annual updates to MPs	Range of significant discussions held with a range of partners.
PROPERTY	Number of homes in management	1,310 homes	1,318 homes
PERFORMANCE	EBITDA financial performance.	Minimum 5.6%	15.2%



## Chairperson's Report

It's been a landmark year for Link Housing. Our achievements have been diverse.

Link was recognised as the 14th Best Place to Work in 2015 in Australia. Link Housing is one of very few companies who, in their first year of participating in the study, are recognised and awarded with a place in the top 25 of companies. This acknowledges Link Housing's focus, over the last two years, on building a strong, cohesive and engaged culture. Link also achieved the NSW Housing Federation Award for employee engagement. I salute the contribution of every member of staff to Link and our tenants, each and every day.

Our Tier 1 status under the National Regulatory System was confirmed.

The three year accreditation renewal process is well advanced and initial feedback shows that our internal compliance has strengthened.

Our 32 affordable homes at Potts Hill were officially opened by the Hon. Brad Hazzard MP, Minister for Family and Community Services, and Minister for Social Housing. Our Potts Hill development was completed 10 per cent under budget and 2.5 years ahead of our commitment to the NSW Government. I met a number of tenants at the ceremony and there was great satisfaction with the homes and the community.

We commenced construction of a seven dwelling property at Wollstonecraft, in partnership with North Sydney City Council.

On the financial front, we've had a positive performance. The underlying operating surplus of \$3.3 million was a substantial increase on last year's \$2.1 million. This achievement came from many areas of the business. A specific purpose grant of \$0.7 million was recognised as income with this being deployed towards the construction of the new property at Wollstonecraft. Of the headline surplus of \$15.4 million more than \$11.4 million was from non-cash gains in property values

which, for accounting purposes must be shown as income. Our cash on term deposit has increased by \$3.2 million to \$12.0 million, which provides a strong opportunity to invest in additional affordable housing in the near future. Total assets in the business now total \$98 million.

The number of properties under our management increased by 91 (7.4%), to 1,318. Much of the growth last year has been through managing properties on behalf of investors who provide the properties to lower income workers at a discount to market rent. This portion of the business has grown to 200 homes in just over two years. The pipeline for these dwellings is strong as we are seen as a credible manager of these tenancies.

Link's strategic direction continues to be growth to 5,000 quality homes by 2022. We were party to several submissions to the NSW Government through the Premier's Innovation Initiative for social housing. The outcomes of these submissions are expected in the near future.

We've deepened and strengthened our links with tenants. Our Tenant Advisory Group is a passionate and dedicated group of tenants who provides immense support to Link and all of our tenants. I thank you for your contribution and am very grateful for your participation.

Andrew McNulty, Link's Chief Executive Officer, was elected as an Executive Director at a special general meeting in April 2015. A joint CEO/Executive Director strengthens the relationship between the staff and the Board, provides greater ownership in strategic planning and acknowledges the importance the pivotal management position in Board decisions. I congratulate Andrew in his appointment to this position.

The achievements of the business have been significant. Thirty two homes have been built and tenanted at Potts Hill. This was achieved at 10% under budget and 2 years earlier than our commitment to the NSW Government.

**The underlying operating surplus of \$3.3 million was a substantial increase on last year's \$2.1 million.**

We had two of our long term directors resign from their positions during the year. I thank Eija Roti and George Marton for their enormous contribution to the strong position that Link Housing now enjoys. Kerry Robinson was elected to the Board at the Annual General Meeting in November 2014. Kerry brings significant property sector knowledge to Link Housing and is the General Manager of Blacktown City Council.

I wish to acknowledge my fellow directors who have contributed much time and expertise. There were 22 board and committee meetings throughout the year. All directors have applied themselves diligently to their responsibilities. Thank you.

Affordable housing remains very topical across Sydney and our major cities due to the increasing need. The call for transferring public housing stock to the community housing sector and further government incentives to trigger investment into affordable and social housing is strong, and we continue to maintain a strong presence in the dialogue.

I will be stepping down as Chairperson from Link Housing at the 2015 Annual General Meeting, after over five years in the role. It has been deeply satisfying experience, we have achieved a great deal and I am very proud of where Link Housing is today.

**Julie Savet Ward**, Chairperson





# CEO's Report

I am really confident in our Tenant Advisory Group (TAG) – we have a very engaged, positive and questioning group of people committed to Link Housing becoming an even better organisation.

This year we have strengthened our communication and relationship with our tenants, developed stronger relationships with key local Councils including North Sydney; Warringah; Ryde; Willoughby; Lane Cove; Hornsby; Pittwater and Bankstown. We have also continued to celebrate success – with our wonderful 30th birthday fun day in November, our Potts Hill construction events, and our 1st Link Housing Staff Conference amongst many others.

At the end of April we held our Annual Board Strategy Day in Hornsby. It was a long day which commenced with an inspection of properties in the area. In the afternoon the Board were joined by 10 Tenant Advisory Group (TAG) members. We had an interactive session with the Board, TAG and senior staff discussing how we can maintain quality services to tenants as Link Housing grows.

I am really confident in our TAG – we have a very engaged, positive and questioning group of people committed to Link becoming an even better organisation.

The Strategy Day was followed by an Extraordinary General Meeting (EGM). A number of small updates to our constitution were put to members, together with consideration to enable me to join the Board. When the motion was put forward to Members for me, as CEO, to join the Board, tenant Member Michael Bolton proposed the motion; it was seconded by tenant member Helen Woodman and then passed unanimously.

It was fantastic to have this vote of confidence from the tenants, Members and fellow Directors. As a Director with full responsibilities and liabilities of other Directors I am

even more motivated to ensure that Link Housing becomes the best organisation it can become – whilst ensuring a focus on providing the best services to our tenants.

We are making good progress in our attempts to recruit and retain great staff, with excellent staff survey results which include 100% alignment with organization vision and purpose. Link Housing has been recognised as one of the top 25 best places to work in Australia - and I am so proud of how well Link Housing has done.

Link Housing has also registered to become a 'White Ribbon Workplace' in order to raise awareness and prevent Violence Against Women. It is important that Link Housing demonstrates leadership in this area – as the level of violence against women is simply not acceptable and we must play our part in making this stop.

### Growth Ready

Over the past two years we have successfully delivered against the four core objectives I set for the business. We have raised our profile and reputation; we have built up our internal capacity; we have delivered our contractual nation building commitments to Government (making us the first organisation in NSW to achieve this); and we have strengthened our financial position.

Link Housing is now ready to grow. We have one of the most experienced management teams in Australia with a track record for delivering great outcomes. We have a skilled based Board, a motivated staff team, and an exceptional TAG.

Through partnerships with Government, the private sector, and colleagues in the not-for-profit sector I expect us to now build on a successful two years and achieve significant growth.

### Thank you

Our ongoing thanks go to Family & Community Services for their continued support of Community Housing in NSW. Thanks to Mike Allen who retired as CEO of Housing NSW during the year and Leonie King, the former Executive Director of CAPMH for their engagement and belief in the sector and congratulations to Mychelle Curran who has replaced Leonie in the re-named Community Homes and Place.

I would like to again put on record my thanks to our Chairperson Julie Savet Ward and fellow Directors, the Link Housing staff team including Samantha Male and Lindsay Kelly, together with tenants and partners of Link Housing for a record year of success. Next year I plan to push boundaries and work together to deliver even more homes for people who need them.

Finally, I would also like to acknowledge Nazha Saad the CEO of SGCH who has just announced her resignation from the company due to ill-health. I have huge respect and admiration for Nazha as a person and as a leader. She has helped so very many people – and now it is really positive to see that she is allowing some time to focus on herself, close family and friends.

### Andrew McNulty

Chief Executive Officer and Executive Director

## GROWTH READY

Raised our profile and reputation	<ul style="list-style-type: none"> <li>• Listening</li> <li>• Thought leadership</li> <li>• Communicating</li> </ul>	✓
Build our internal capacity	<ul style="list-style-type: none"> <li>• Tier 1</li> <li>• Great Place to work Top 25</li> <li>• Strengthened team</li> </ul>	✓
Deliver our contractual commitments	<ul style="list-style-type: none"> <li>• Delivered 120% of our contractual commitments</li> </ul>	✓
Strengthen financial position	<ul style="list-style-type: none"> <li>• Drawn down our first loan</li> <li>• \$12m funds on deposit</li> </ul>	✓



Julie Savet Ward, Mychelle Curran, Andrew McNulty



# Finance Report

At an operational level the surplus was \$3.3 million which is \$1.2 million more than the previous year. This surplus continues the strong progress achieved in improving the financial performance of the business.

### Operations

The financial surplus for the twelve months ending 30 June 2015 was \$15.4 million. Within this amount is a non-cash amount of \$11.4 million in property valuations resulting from the three year rolling re-valuation process for all Investment properties. The valuations are carried out by a qualified property valuer Civic Valuations.

At an operational level the surplus was \$3.3 million which is \$1.2 million more than the previous year. This surplus

continues the strong progress achieved in improving the financial performance of the business. As measured by the National Regulatory System Link Housing's EBITDA for 2014-15 was 15.2%, up from 9.6% the year earlier. This places Link Housing at the top end of the 15% threshold established by the National Regulatory System for Community Housing.

Revenue for the year was \$21.3 million. Of this \$12.2 million is rent from tenants, \$7.3 million is government subsidies, \$0.7 million is government grants, \$0.5 million is

fee for service income, interest income is \$0.4 million, and miscellaneous tenant reimbursements is \$0.2 million.

The annual cash operating surplus from the 218 vested Nation Building Economic Stimulus properties was \$0.7 million bringing to a total over three years of \$2.95 million. The \$3.0 million paid for land at Potts Hill from past cash reserves has effectively been recovered from the surpluses generated by the Nation Building properties vested to Link Housing Ltd. The Board is mindful of the need to quarantine these funds and to apply them towards the expansion of additional affordable housing and the repayment of bank debt.

### Financial Position

Cash and cash equivalent term deposits held for current and future programs is \$13.2 million at year end. This is an increase of \$3.8 million from a year earlier. Effectively the full year operating surplus plus the \$0.7m Government grant has been put aside as cash.

Construction at Potts Hill was finalised with a total of \$6.1 million being drawn from the \$7.0 million debt facility with Bendigo & Adelaide Bank Ltd which trades as Community Sector Bank. We are delighted with the strong relationship that continues with the management of Community Sector Bank and we look forward to expanding activities with them when the opportunity arises. Investment properties now represent over \$82.6 million of the \$98 million assets. All properties have been revalued over the past three years, including Potts Hill which is now valued at \$12.9 million.

### Financial & Risk Management

New policies have been put in place to actively manage interest rate exposures, debt repayment options and bank covenants resulting from the debt incurred to fund the Potts Hill project.

Internal audits, conducted by both staff and external providers, continue to show strong internal controls and a culture of good corporate governance. Link Housing continues to meet its Tier 1 compliance requirements

Risk management is a regular agenda item and insurance coverage was tendered for this year, which provided an opportunity to review all insurance requirements.

As noted last year, work on the implementation of a new operational tenancy and asset management system was paused and a re-scoping and tendering process resulted in a new project commencing. This is on schedule to go live later this year.

### Future Activities

Link Housing tendered for the provision of maintenance services for their properties, with the aim of reducing the number of contractors and reducing costs. Work was awarded to nine contractors. The financial and operational efficiencies of this will become evident in this and future years.

Using the skills acquired in the Potts Hill project, Link Housing has submitted several innovative proposals in response to expressions of interest from a number of government and private organisations seeking to expand affordable housing.

### Acknowledgements:

I would like to thank Lindsay Kelly and his team for running an effective and transparent financial management process.

### Mark McEnally

Chair Audit & Risk Management Committee



Potts Hill opening with Minister Hazzard

### Potts Hill



**Cash and cash equivalent term deposits held for current and future programs is \$13.2 million at year end. This is an increase of \$3.8 million from a year earlier.**

# Strategic Direction



## 1. PEOPLE: “EMPOWERING AND ENGAGING TO DELIVER QUALITY OUTCOMES”

AS AT 30 JUNE 2015	
Headline KPI >>>> 84%	86% overall tenant satisfaction
<ul style="list-style-type: none"> <li>We will achieve and sustain the highest levels of tenant and applicant satisfaction, delivering best practice customer service with our housing management and maintenance services.</li> </ul>	Following tenant consultation, a set of service standards has been designed and targets set for next year.
<ul style="list-style-type: none"> <li>We will link tenants and communities with a range of services that meet their needs.</li> </ul>	Following extensive tenant consultation the FormingLinks Strategy was launched. In addition we arranged training for TAG members - how to be in a committee. We have arranged mystery shopping training for some of the tenants. We have met with Steps to Employment and will be advertising opportunities to our tenants.
<ul style="list-style-type: none"> <li>We will listen to and engage with our customers to ensure our services meet current and future needs.</li> </ul>	Targets have been agreed and set with TAG. We have improved tenant involvement with 300 tenants being engaged in one form or another with our FormingLinks Strategy.
<ul style="list-style-type: none"> <li>We will maintain a highly professional and engaged staff team.</li> </ul>	89% staff satisfaction Zero lost time injuries Development of the Policy Advisory Group (PAG) for development, review and implementation of HR policies Staff Survey and action planning workshops Total Rewards Program Survey Annual Performance Cycle post implementation review survey “The Link Way” culture program is being completed by HR and includes many of the initiatives we have commenced.

# Strategic Direction

In 2012/13 Link Housing outlined its Strategic Direction for 2014 – 2022. The Strategic Direction confirms our intention to grow to provide 5,000 quality homes for families and individuals in housing need by 2022 by being a leading community housing provider.

The Strategic Direction established our strategic objectives which focus on People; Partnerships; Property and Performance. These objectives are used to steer Link Housing to ensure the primary purpose is achieved.

During 2014/15 these objectives were implemented throughout the organisation. These Strategic Objectives shaped the Business Plan for 2014-17. The Business Plan shaped the Key Performance Indicators (KPIs) for the Executive Manager Team. Then each staff member in the organisation had their own Key Performance Indicators (KPIs) linked to these four strategic objectives.

Highlights during the taken from the Business Plan are outlined to the left and below:

## 2. PARTNERSHIPS: “BECOMING A PARTNER OF CHOICE”

AS AT 30 JUNE 2015	
Headline KPI >>>> Strategic discussions and meetings	Significant meetings held with a range of partners. Leading to MOU's eg SGCH, Amber and Sunnyfield. Strategic discussions with Willoughby, Pittwater, Warringah, North Sydney, Ryde and Lane Cove
<ul style="list-style-type: none"> <li>We will have strong relationships and profile with Local, State and Federal Governments, support providers, and financial institutions.</li> </ul>	Stuart Ayres, Victor Dominello, Sophie Cotsis, Jonathan O’Dea, Gabrielle Upton’s Chief of Staff, Mike Baird; Gladys Berijkalan Awaiting Willoughby Council EOI; Hornsby Council discussions; Warringah presentation with EOI in Feb 15; Ryde Council AH summit and discussions; North Sydney Council 50 year lease agreed Kur-ing-gai discussions; Met with Manly Mayor; 3x Meetings with Warringah Mayor & Executive; GM Lane Cove Council meeting. Meetings have been held with banks: CBA, CSB, NAB & Westpac. Also Social Ventures Australia & Social Enterprise Finance Australia.
<ul style="list-style-type: none"> <li>We will be the “community housing partner of choice” in Northern Sydney and a credible delivery partner for large scale opportunities.</li> </ul>	Link Housing implemented a new communication strategy during the year. We also received an award for Highly Commendable from the Housing NSW Federation for our Communications during the year.
<ul style="list-style-type: none"> <li>We will be a thought leader in our industry.</li> </ul>	Link Senior Management Team have attended the following events: Ryde AH Summit, Queensland SH Forum, Power Housing CEO Forum, Committee for Sydney events, Westpac Reconciliation Event, NDIS Conference Stock Transfer Workshop, Community Investment Collective. Following Link’s submission for the Public Inquiry into tenancy management, Andrew McNulty was invited to present to the inquiry panel .

## 3. PROPERTY: “PROVIDING 5,000 QUALITY HOMES FOR THOSE IN NEED”

AS AT 30 JUNE 2015	
Headline KPI >>>> 1310	1, 318
<ul style="list-style-type: none"> <li>We will double the number of homes in management from 1,200 to 2,500 by 2016/17 and achieve 5,000 homes in management by 2022.</li> </ul>	We achieved growth and met our target for property numbers. In addition, we have continued to work externally to achieve further growth in future years. We delivered 32 new affordable homes as part of our Nation Building Leverage target
<ul style="list-style-type: none"> <li>We will provide a range of housing solutions to meet the needs of our customers.</li> </ul>	We have delivered new social and affordable homes during the year.
<ul style="list-style-type: none"> <li>We will actively manage our resources to optimise the quality of our existing portfolio.</li> </ul>	We have scoped all of our properties and they are found to be off a good standard. We have tendered for new contractors and implemented new procedures to manage our properties.

## 4. PERFORMANCE: “DELIVERING A LEGACY OF STRONG GOVERNANCE & FINANCIAL PERFORMANCE”

AS AT 30 JUNE 2015	
Headline KPI >>>> EBITDA Min 5.6%	EXCEEDED: 15.2% as at 30 June 2015
<ul style="list-style-type: none"> <li>We will maintain the highest levels of compliance, probity, financial and risk management, demonstrating transparent best practice.</li> </ul>	We have a suite of operational KPIs which are monitored monthly - tracking rent arrears, vacancies and assets. 50% of our policies were audited during the year. A new IT provider has been appointed with expected go-live due in 2015/16
<ul style="list-style-type: none"> <li>We will maintain the highest levels of governance.</li> </ul>	External review of Board Performance has been completed. Skills gap identified & open recruitment process completed. New director appointed. Executive Director decision made.
<ul style="list-style-type: none"> <li>We will achieve and retain the highest level of Registration and accreditation.</li> </ul>	Tier 1 Registration was achieved with over 90% compliance High quality submission for 1st targeted assessment completed on time.

# People - Strategic Objective

## OUR STAFF

During the year Link Housing launched its Linkway people strategy. This strategy aims to:

- ✓ Develop a culture that attracts and retains staff
- ✓ Managing, measuring and rewards performance
- ✓ Developing leadership capabilities at all levels

### STAFF CONFERENCE

In October 2014, Link Housing held a two day off site employee conference. The conference was to:

- ✓ Engage with staff and get their input into the development of the Link Housing strategy
- ✓ Improve self awareness, personal effectiveness and team building
- ✓ Launch our employee Total Rewards Program through a benefits expo.

### STAFF AWARDS

In 2014/15 Link Housing implemented an Awards of Excellence Program. This is a peer nominated recognition program for staff who demonstrate excellence in:

- ✓ Service Excellence
- ✓ Teamwork
- ✓ Leadership

We have 5 winners this year. Our overall winner will be selected by a committee which will include a member of the Tenants Advisory Group and the Board and announced at the Staff Christmas party.

### STAFF REWARDS

At our staff conference in 2014, Link Housing launched its employee Total Rewards Program titled LinkRewards. The program is a combination of financial and non financial benefits that are available to all Link Housing employees regardless of their position in the organisation. Some of the benefits that staff have chosen to include in the first LinkRewards benefits program include:

- ✓ Flexible work arrangements
- ✓ Long service leave available after 5 years
- ✓ Purchase leave
- ✓ Study assistance

Link Housing's Total Rewards Program is a very cost effective way to show our staff we value them and their contribution.

### OUTCOME OF STAFF SURVEY

Link Housing participated in the 2 surveys during the financial year:

Community Housing employee opinion survey – in this survey we are 19% above the sector benchmark for Employee Engagement scoring 89% satisfaction amongst our staff.

100% of our staff know and believe in the organisations mission and values.

Link Housing is a collaborative hub that celebrates excellence, embraces diversity, and values each person's contribution towards the achievement of the organisation's vision.

# People - Strategic Objective

Breakdown of staff as at 30 June 2015	Numbers
<b>Number of full-time employees</b>	
Men	8
Women	19
Total	27
<b>Number of part-time employees</b>	
Men	0
Women	5
Total	5
<b>Number of temporary/contract employees</b>	
Men	0
Women	3
Total	3
<b>Gender</b>	
Female	27
Male	8
<b>Job levels: Of your full-time and part-time employees, how many are</b>	
Non-Management Staff (men)	2
Non-Management Staff (women)	17
Non-Management Staff (total)	19
Team Leader/Supervisor/Manager - men	2

Breakdown of staff as at 30 June 2015	Numbers
Team Leader/Supervisor/Manager - women	4
Team Leader/Supervisor/Manager - total	6
Executive/Senior Manager - men	4
Executive/Senior Manager - women	3
Executive/Senior Manager - total	7
<b>Age: For both full-time and part-time employees, how many are aged</b>	
25 years or younger	0
26 to 34 years	2
35 to 44 years	14
45 to 54 years	10
55 or older	6
<b>Length of service: For both full-time and part-time employees, how many have been with the company</b>	
Less than 2 years	10
2 to 5 years	15
6 to 10 years	5
11 to 15 years	1
16 to 20 years	0
Over 20 years	1

## STAFF STORY ANNIE THU BUI



My name is Annie and I have been with Link for over 3 years. I am currently working in the Income Review Team and I love working at Link Housing.

One of my most important values that I teach my kid is there is a place for every single person on earth. I think that resonates with Link's values.

I am a very busy mum to three young kids, a couple of rabbits and I am also studying towards my CPA status this year.

I love gardening, visiting museums and enjoy different food.

At home this year it is the year of "Give it a go" in our family. So we have been trying all different cuisines with our children; from the usual Thai, Italian, Japanese to something very different like Laos, Filipino and Ethiopian.



Staff conference, The Great Race

# People - Strategic Objective

For full details of the directors' committees and qualifications go to the Information on Directors in the Directors' Report on page 31.

## BOARD OF DIRECTORS

### Julie Savet Ward / Chairperson



Julie is a respected professional non-executive director with 20 years' experience on company and project boards in the property, infrastructure and professional services sectors. She is also the Chairperson of SGS Economics and Planning, a private consulting company, and on the Board of the NSW Environment Protection Authority. Julie is a Fellow of the Australian Institute of Company Directors.

### Andrew McNulty / Executive Director



Andrew is a respected community housing figure, both nationally and internationally, having delivered social, affordable and large scale urban renewal outcomes for over twenty years across Australia and the United Kingdom.

Prior to joining Link Housing in September 2013, Andrew was CEO of MA Housing where he grew their housing portfolio from 97 homes in 2009 to over 2,000 by 2013. In the UK, Andrew worked with three diverse housing associations and the Stonebridge Housing Action Trust, one of London's most successful regeneration companies.

### Sonja Walters / Non Executive Director



Sonja has 30 years experience working in Commonwealth and State government organisations, non-government organisations and the private sector. Sonja has particular experience in social work, counseling, rehabilitation, professional management, human resources and business development. Sonja currently holds two Board positions in the NFP sector and was previously a Chair for four years. Sonja is a Graduate Member of the Australian Institute of Company Directors.

### Kerry Robinson | Non Executive Director



Kerry Robinson is General Manager of Blacktown City Council, the largest Council in NSW; Deputy Chair of Blacktown Venue Management Limited and Board Member of WestPool and United Independent Pools, self-insurance mutuals.

Kerry has had senior roles in corporates and Government, including 8 years' as an Executive General Manager delivering large, complex industrial, town centre and residential projects, many with values of over \$1B, leading a team of 30 professional staff expending over \$150M p.a. and producing over 1,000 residential lots p.a. He has extensive experience negotiating and managing large 'joint ventures' and complex, structured real estate transactions.

### Aldo Manitta / Non Executive Director



Aldo worked with the Department of Housing from 1976 until 1998 in a variety of management roles. From 1998 until 2007, Aldo worked with the NSW Aboriginal Housing Office (AHO) in several capacities including asset management and policy development.

Aldo was involved in efforts to improve the governance and efficiency of Aboriginal community managed housing providers.

### Lois Towart / Non Executive Director



Lois has over 30 years' professional experience in the property and financial services industries. Her experience includes valuation, financial analysis and modelling, funds management and more recently academia. She has specialised in the seniors' accommodation sector which includes retirement villages and residential aged care.

### Mark McEnallay / Non Executive Director



Mark McEnallay is the Business Operations Manager and Company Secretary at the Community Services and Health Industry Skills Council Limited (CS&HISC). He has previously worked with Coca-Cola, including eight years in their overseas operations, Reckitt and Colman, Victa lawnmowers and Medical Australia Limited.

Mark currently sits on the NSW Care Advisory Committee of Wesley Mission and has previously sat on the NSW Corporate Committee of CPA. Mark is a Fellow of the Australian Institute of Company Directors.

### Simon Maughan Wright / Non Executive Director



Simon is a qualified lawyer with post graduate legal and business qualifications from Sydney University and UNSW and a graduate of the Australian Institute of Company Directors.

Simon is the owner and director of ABSA Corporate Advisory. He was until 2013 a director of Uniting Care NSW/ACT and chair of its Finance, Audit & Risk Committee. Previously he was a director of ANZ Business Sales & Acquisitions (ANZ Investment Bank) and Westpac Business Succession Services.

## SENIOR MANAGEMENT TEAM

### Andrew McNulty / Chief Executive Officer



Andrew is a respected community housing figure, both nationally and internationally, having delivered social, affordable and large scale urban renewal outcomes for over twenty years across Australia and the United Kingdom.

Prior to joining Link Housing in September 2013, Andrew was CEO of MA Housing where he grew their housing portfolio from 97 homes in 2009 to over 2,000 by 2013. In the UK, Andrew worked with three diverse housing associations and the Stonebridge Housing Action Trust, one of London's most successful regeneration companies.

### Samantha Male / Chief Operating Officer



Samantha has a deep understanding of the community housing sector, covering strategic and operational experience at senior management and Board level, across the UK & Australia. She is passionate about our tenants, ensuring that they receive quality customer services and have a say in how they are delivered.

One of Samantha's career highlights was leading the change in management required for the amalgamation of five housing associations, covering 48,000 residents, delivering both operational and cultural change for the organisation.

### Lindsay Kelly / Chief Financial Officer



Lindsay has played a leadership role in NSW Community Housing since 1998. Whilst his 'day job' was heavily focused in the corporate world as a CFO and a professional change agent, Lindsay volunteered

on the Boards of what are now two of Australia's largest CHPs. He was also a director of NSW Federation of Housing Associations, a member of the NSW Community Housing Advisory Committee, and was active in many steering groups as the sector developed its professionalism.

As an executive director of public companies and global organisations Lindsay has held positions in Hunter Douglas Ltd, Pirelli Cables Australia Limited, Sydney Opera House, GEO Property Group Ltd, and has consulted to the disability and mental health sectors. In 2012 Link Housing secured Lindsay's services as a non-executive director. He stepped down from this role later that year to take on the position of Chief Financial Officer.

### Deon Wyngaard / Quality Assurance and Risk Manager



With extensive experience in public administration, Deon has spent most of his working life in public/social housing, mainly in administration, policy development and social inclusion initiatives. Committed to the upward social mobility of our clients, Deon believes that a stable home environment can serve as a catalyst for greater achievements in other areas of their lives. Deon is committed to maintaining an environment of continuous improvement within the organisation to ensure that 'excellence' remains the yardstick by which Link Housing's service to our communities is measured.

### Kathleen Cain | General Manager Housing and Communities



Kath has many years' experience in delivering operational services to the

community through consultation and communication. She is committed to providing quality services to tenants and other stakeholders.

Kath is highly experienced in developing networks and relationships that promote a sense of community within a local government area. Prior to working with Link Housing, Kath worked for an emergency service for nearly 10 years in a senior management role.

### Peter Madden | Property Services Manager



Peter has worked for some of Australia's largest service providers within the commercial, retail, aged care and Government sectors. This varied career experience enables Peter to quickly resolve any issues with a hands on approach. His passion for utilising the latest technologies and resources helps his team to deliver timely and economical services to all clients.

In his spare time Peter is an active life member of South Narrabeen SLSC. He is also a founding member of the Bush to Beach program which started in 2004 to help indigenous communities in north western NSW.

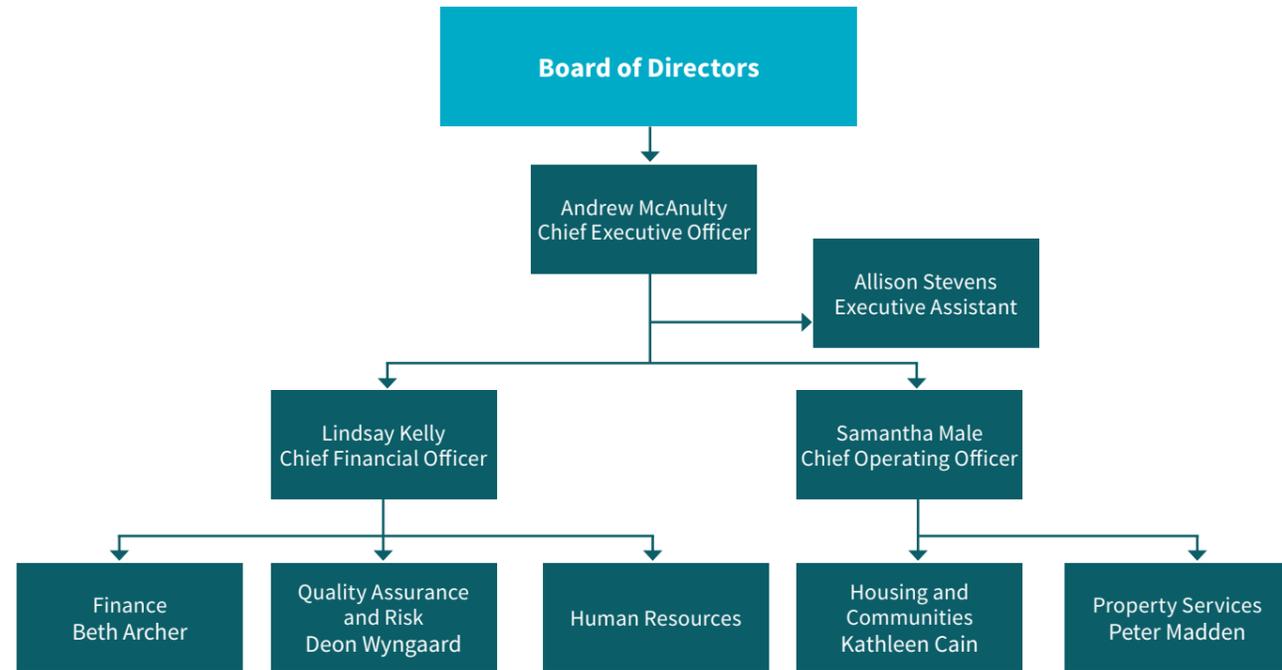
### Beth Archer / Financial Accountant



Beth has worked across a broad range of industries and brings with her extensive experience across Finance operations. She strives for best practice and seeks continuous improvement and increased efficiencies. Her passion is building a highly effective and engaged team which delivers excellent customer service.

# People - Strategic Objective

## LINK HOUSING - ORGANISATION CHART



**I LOVE MY WORK AND I BELIEVE WE MAKE A DIFFERENCE TO PEOPLES LIVES.**



## STAFF STORY MICHAEL BACON

I'm Michael Bacon, a Housing Team Leader at Link Housing. I have 20 years experience working in the community housing field, working for a variety of organisations in the UK including a local council housing team, a housing association in Scotland and a supported housing program for those with mental health issues in Edinburgh.

In London I worked for Notting Hill Housing Group, a large Housing Association, one of the largest providers of affordable housing in London.

I first arrived in Sydney in 2004 and continued to pursue my passion for community housing working with North Shore Community Housing. I then returned to the UK in 2010 for a couple of years and worked with a Homelessness service at Spear, a charitable Housing association working with rough sleepers; all of this experience has confirmed for me the importance of a safe, secure and affordable home as vital in allowing people the best opportunity to thrive.

I'm happy to be back In Sydney and working at Link Housing, I love my work and I believe we make a difference to peoples lives.



## People - Strategic Objective

### TENANT STORY ADNAN



Adnan grew up in Lebanon before coming to Australia in the early 90's. Adnan is well travelled and has lived in both New Zealand and Sydney.

About a year ago Adnan had an horrific car accident which kept him in hospital for a number of months. Coming out of hospital Adnan was limited in his mobility and can only feel half of his face.

His previous home was unsuitable for him as he could not get around and could not get out to his numerous medical appointments.

Adnan applied for social housing for a disabled access unit. After five months of waiting, a brand new apartment became available in Potts Hill and Adnan moved in.

Adnan is close by to his family including his nieces and nephews who visit regularly. Adnan loves his new home, it is easy to get around the home and is in a great neighbourhood.

### TAG REPORT

2014/2015 delivered many exciting events, along with intensive and productive discussions on Link's Programme and Policy initiatives. TAG members fully embraced the opportunity to be involved in "Event Planning" and the numerous conversations on matters of Tenancy and Strategy.

Initiatives such as "Link Right" and "Forminglinks" have met with strong approval.

The year to date has been rewarding for TAG, as a Tenants committee it has worked prodigiously and productively. There has been a spike in interest of tenants generally, with TAG membership growing, in healthy proportions and widening its knowledge base.

In November Tenants enjoyed a very successful 30th Anniversary Celebration at Laurelbank in Willoughby. The day was memorable. Well done to all in providing a delightful day of which many still refer to. The turn-out of tenants was strong and many took the opportunity to acquaint themselves with the various 'information stalls'.

Earlier this year TAG members were elated to share in the news of the elevation of Link Housing to Tier one status. TAG members were proud to be part of the award presentation.

"As a group we are very impressed by the way Link Housing treats and respects the TAG members." TAG

March was an eventful time leading to the Launching of Forming Links. Activities included "Pop up stalls" with information on Jobs and Employment; Harmony



Smoking Ceremony

## People - Strategic Objective

### TENANT STORY EUNICE AND MEHMET



Eunice and Mehmet moved into a brand new affordable home in Potts Hill a few months ago.

Eunice was amazed at how much better off they are now and for the first time she can start thinking about saving.

Not only is the rent affordable, it is an energy efficiency home, with solar panels and recycled grey water. For the first time in her life they received a credit on their electricity, making this home truly affordable.

Eunice runs her own cleaning company and the savings in rent means that Mehmet can go to TAFE to gain additional qualifications to help him set up his own business as an air-conditioning and refrigeration engineer.

They love the area, the park is close by, everyone is friendly and most of all it's quiet.



Granny Smith Festival

day Celebrations culminating on the third day with the official Launch of "Forming links". This was a significant moment in Link Housing's history.

During the year TAG members were offered the opportunity to intensify their skill base by undertaking Training facilitated by the Central Sydney North Tenant Participation resource service. A number of TAG members took up the offer and were inspired with meaningful training on Meeting procedure and effective organisation. This was a significant step in formulating direction for TAG members in relation to their role i.e., Value of the group; Tasks of Membership; and Accountability.

April saw TAG members attending the Strategic Planning Day at Hornsby where the Board, senior management and TAG met for formal discussions. This highlighted Link Housing's commitment to be a tenant led, tenant focussed organisation.

June was a month of ongoing memorable events commencing with Reconciliation week / Australia's biggest morning tea celebrations. The festivities were embraced by all in attendance with the various ceremonies' being all consuming; this was a significant event for all involved.

On June 17th TAG members were in attendance of the Official opening of the Potts Hill development. The positivity shared by those in attendance was electrifying. The opportunity to mix with officials and dignitaries was not lost on anyone.

June 28th was memorable for Link Housing, with recognition by the Australian Housing Industry awards event- "Excellence in Housing Awards". It was significant to witness Link Housing receiving recognition.

**"As a group we are very impressed by the way Link Housing treats and respects the TAG members." TAG**

# People - Strategic Objective

**Forminglinks** by working together we will make a lasting difference to the lives of the people who live in our homes and the surrounding communities.



**Pittwater Mayor, Jacqueline Townsend, helps launch Link Housing's 'FormingLinks' Strategy.**

Link Housing, held their first 'Pop-up Shop' to celebrate the launch of 'FormingLinks' - sharing ideas for great community engagement.

During the year Link Housing hosted a three day 'Pop-up Shop' to encourage greater community engagement. Large number of tenants and members from the local community joined us in our celebrations.

The highlight of the event was the launch of their tenant engagement and community development strategy, 'FormingLinks'. The strategy has been developed in partnership with tenants for tenants. In fact more than 300 tenants across Link Housing were directly involved in developing the strategy.

The launch was well attended. Jacqueline Townsend, Mayor for Pittwater who spoke at the event, emphasised the importance of affordable housing now and also for

the next generation. Mychelle Curran, Acting Executive Director, Community Homes and Place congratulated Link Housing on its FormingLinks strategy, reflecting that tenant engagement assists in making real and lasting change in the community.

Link Housing celebrated Harmony Day early. Tenants came in traditional dress and brought food showcasing the variety of cultures here in Australia. There were sautéed potatoes from Sri Lanka, suman (sticky sweet rice) from the Philippines, British scones and jam, all followed by a traditional Aussie sausage sizzle.

Social engagement and social support are widely regarded as being important determinants of health, happiness and wellbeing. Participation is also found to be important to health and well-being later in life. With 50% of our tenants living alone, many of whom are elderly and/or have a disability, encouraging participation and 'FormingLinks' is a key criteria for Link Housing.

# People - Strategic Objective

✓✓✓ **linkRight** improving in service delivery as we grow and providing consistently positive experiences for all stakeholders.

Our new Customer Service Strategy – 'LinkRight' has been developed in partnership with tenants, staff and support partners to set high standards for service delivery for all stakeholders.

**Through consultation tenants have told us that they want Link Housing to:**

- ✓ Keep them informed
- ✓ Get it right
- ✓ Provide timely response
- ✓ Be professional
- ✓ Respect their rights

We have developed a service standard guide for our tenants outlining the service they should expect to receive from Link Housing.

YOU SAY	WE WILL ACHIEVE IN 2015-2016	WHERE WE WILL REPORT OUTCOMES
<b>Keep Me Informed</b>	<ul style="list-style-type: none"> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ No required information on the website</li> <li>✓ 100% tenants able to reference link decision making</li> </ul>	
<b>Get it Right</b>	<ul style="list-style-type: none"> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ 80% of tenants are satisfied with Link's service</li> </ul>	<ul style="list-style-type: none"> <li>✓ Call that you can be sure you will have received our service and performance will meet</li> </ul>
<b>Provide Timely Response</b>	<ul style="list-style-type: none"> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ 80% of tenants are satisfied with Link's service</li> </ul>	<ul style="list-style-type: none"> <li>✓ Report to the T&amp;C and Board every 6 months</li> <li>✓ Report the findings of our Tenant Satisfaction Survey in our Newsletter and on our website</li> </ul>
<b>Be Professional</b>	<ul style="list-style-type: none"> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ 80% of tenants are satisfied with Link's service</li> </ul>	<ul style="list-style-type: none"> <li>✓ Report on how we have responded to complaints in our annual Report and in our tenant meetings</li> <li>✓ New Staff, No 1st call to the website and in the tenant satisfaction survey</li> </ul>
<b>Respect My Rights</b>	<ul style="list-style-type: none"> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ 80% of tenants are satisfied with Link's service</li> <li>✓ 80% of tenants are satisfied with Link's service</li> </ul>	

## TENANT STORY GLADIS

Gladis spent her early childhood in Lebanon with her parents, 6 sisters and 2 brothers – very noisy. The family moved to Australia 25 years ago and lived close to Potts Hill in Punchbowl.

Gladis was the youngest daughter and was very close to her Mum. When her Mum was diagnosed with cancer, Gladis became the primary carer for 10 years. When her Mum sadly died 9 years ago it shook Gladis' world.

Gladis continued to live with her Dad and some of her sisters before recognising that she needed to move out into her own place. Gladis put an application in for a property close to Punchbowl and was told that she would have to wait for a long time due to the lack of housing in area

After nearly 4 years on the Pathways waiting list, she moved into a brand new property, owned by Link Housing, in the new suburb of Potts Hill

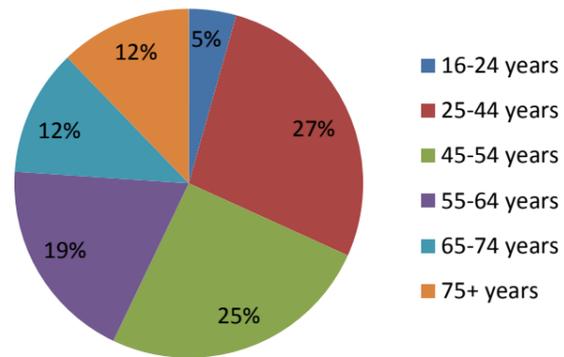
Gladis says it is so quiet and peaceful, and close to amenities - especially after growing up with 6 sisters and 2 brothers.

Gladis' god-daughter spent time in helping Gladis to decorate her property.

# People - Strategic Objective

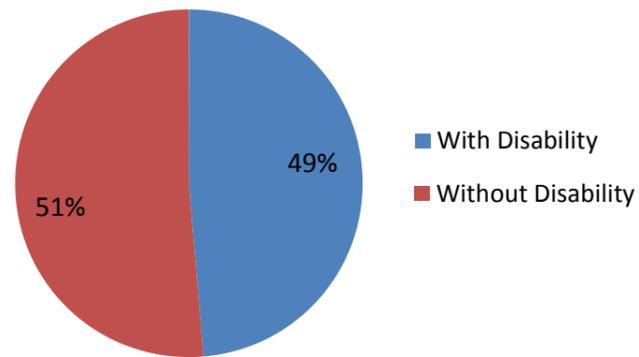
## TENANT PROFILE – SOCIAL HOUSING

### AGE OF HEAD TENANT



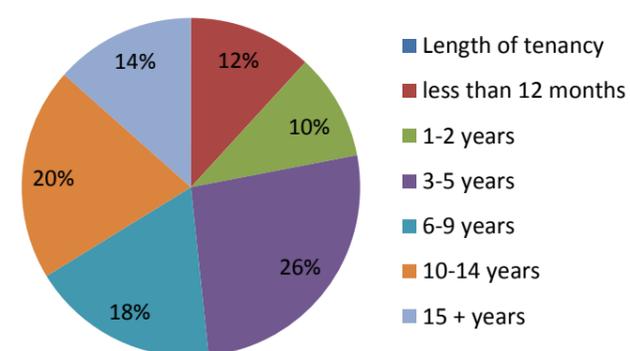
These year we see an increase in the number of young tenants, moving from 3% to 5% and a smaller number of elderly tenants.

### TENANT WITH DISABILITY



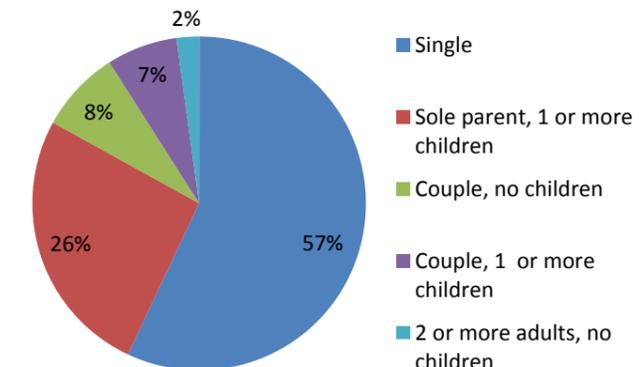
Link Housing supports many tenants with intellectual, physical, psychiatric and multiple disabilities. The number of people with a disability has increased by 2% since the prior year.

### LENGTH OF TENANCY BY YEARS



Length of tenancy by years is increasing with over 50% of our clients being with us for over 6 years. This is inline with the continuing pressure on affordable housing in Sydney, as there are not many alternative affordable housing that our tenants can move on to.

### HOUSEHOLD TYPES

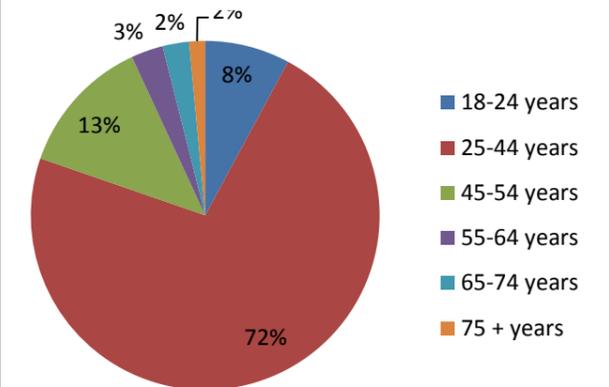


More than half of our tenants are people living alone, with an additional 26% being single parents. Females dominate as head of household.

# People - Strategic Objective

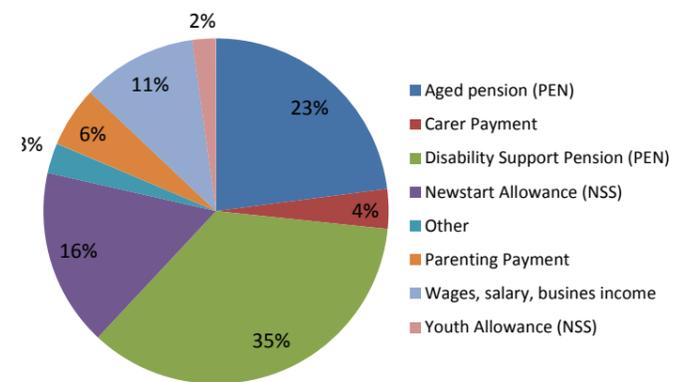
## TENANT PROFILE – AFFORDABLE HOUSING

### AGE OF HEAD TENANT



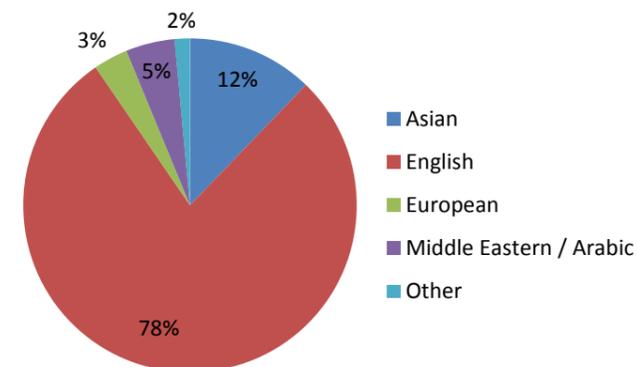
The majority of our tenants who live in our affordable housing are 25-44 years. This is 50% more than in social housing.

### TENANTS MAIN SOURCE OF INCOME



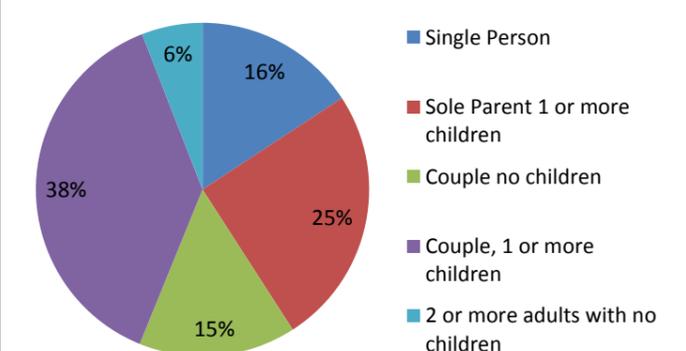
58% of our tenants are in receipt of a disability support pension or an aged pension. This has increased from the previous year 53%

### MAIN LANGUAGE SPOKEN IN THE HOME



78% of our tenants speak English as their main language at home. This has marginally increased from previous years.

### TENANT PROFILE



The household mix for affordable housing is much more evenly spread.

# Partnerships - Strategic Objective

## SUPPORT PARTNERS

Link Housing has been working alongside a wide range of support partners for many years. 201 of our tenants have formal support arrangements in place. The table below shows the variety of support partners working with our tenants, to assist them to remain independent and sustain their tenancies.

SUPPORT AGENCY	SUPPORT TYPE
Achieve Australia	<b>DISABILITY</b>
ACL Disability Services	
Community Care Northern Beaches	
Community Connections Australia	
House With No Steps	
Housing Connection	
Mission Australia	
Parramatta Mission	
Royal Rehabilitation Centre	
Sunnyfield	
Sunshine Homes	
Burdekin Association	<b>YOUTH, HOMELESSNESS, EX-OFFENDERS</b>
Phoenix House	
Platform 70	
Ryde Family Services	
Street Work	
Taldumande	
Community Restorative Centre	
Australian Red Cross	<b>FAMILY SUPPORT, DOMESTIC VIOLENCE, YOUNG MOTHERS</b>
Catholic Care Diocese of Broken Bay	
Manly Warringah Women's Resource Centre	
Manly Women's Shelter	
Wesley Mission	<b>HEALTH, MENTAL HEALTH, HOARDING</b>
Bobby Goldsmith Foundation	
Community Care Northern Beaches	
New Horizons	
Northern Sydney Local Health District Assertive Outreach Teams	
Schizophrenia Fellowship	

# Partnerships - Strategic Objective

## LINK HOUSING PARTNERSHIP LANDSCAPE



# Property - Strategic Objective

## PROPERTY

At the start of 2014/15 Link Housing used over 35 contractors to carry our general repairs, communal cleaning and gardening. As part of the Business Planning process, it was identified that if Link utilised a smaller number of contractors and raised work orders against schedule of rates the maintenance processes could be further streamlined, deliver greater value for money and improve customer service.

During the year Link Housing commenced the process to tender out the maintenance services to reduce the number of contractors to a select few. We invited tenants to assist us in the selection of our new contractors with a tenant representative on our tender panel.

We completed the tender process and have reduced our contractors from 35 to 9.

### General Maintenance Contractors are:

- ✓ Willowdene Construction
- ✓ Over Hall Building Maintenance
- ✓ Graycare

### Gardening contractors are:

- ✓ House with no steps
- ✓ Beachcutters
- ✓ Landscape Productions

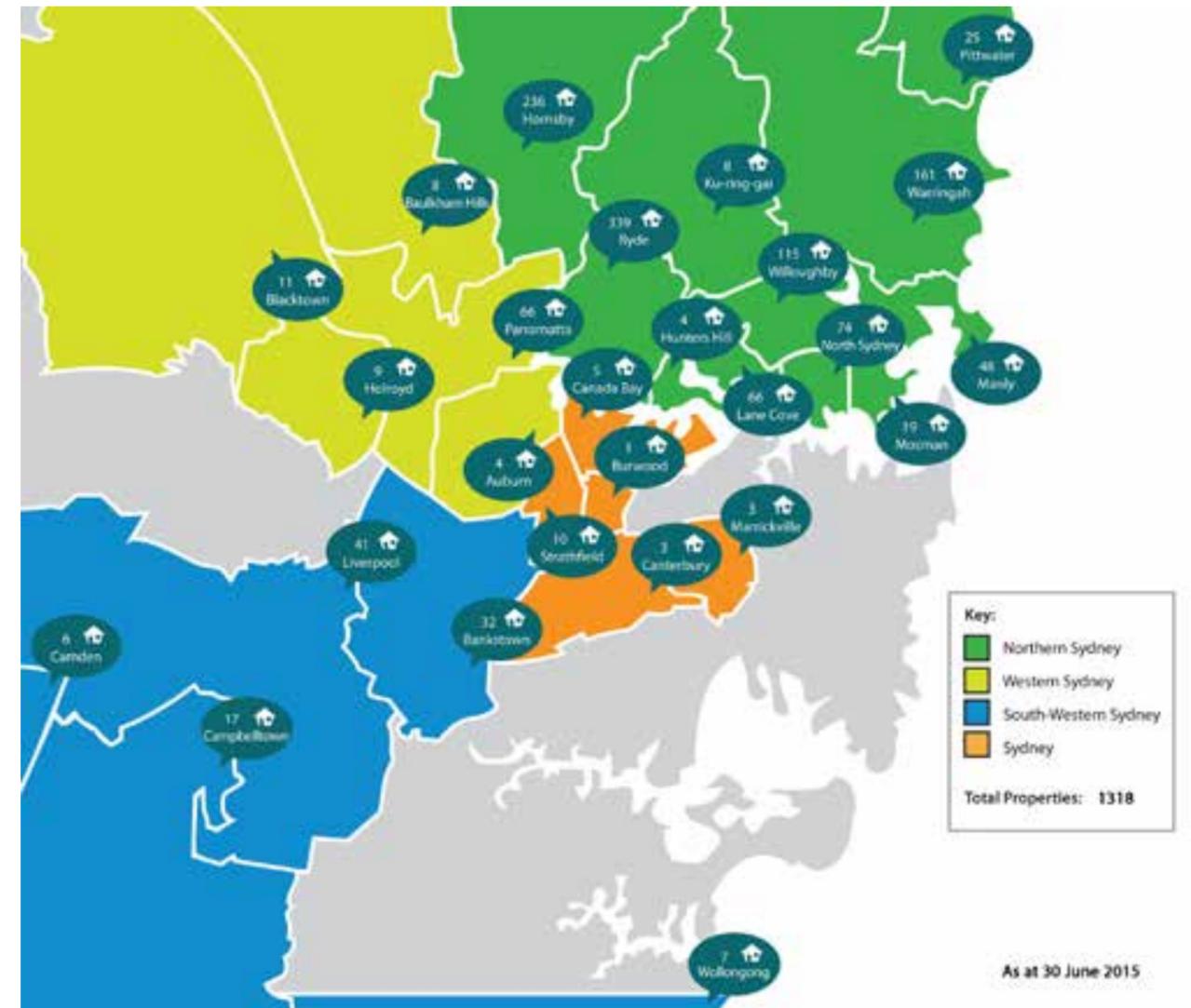
### Cleaning contractors are:

- ✓ Master Strata
- ✓ Clean mission cleaning
- ✓ Quad Services

PROPERTY PROGRAM	CLIENT GROUP	MAINTENANCE OBLIGATIONS	PROPERTIES
Capital Properties	General & Supported	Full Maintenance inc structure, through 3 year leases	396
Capital GSH, (Going Home Staying Home)	Supported	Maintenance enquiries and monitoring	10
Nation Building Economic Stimulus Program (Owned)	General & Supported	Full Maintenance inc structure, owned properties	218
Potts Hill	General & Supported	Full Maintenance inc structure, owned properties	32
North Sydney Council Joint Venture - Fee for Service	General & Supported	Full Maintenance inc structure, fee for service agreement	29
Affordable Housing - Fee for Service	General	Full Maintenance inc structure, fee for service agreement	16
The Housing Connection - Fee for Service	Supported	Maintenance enquiries only	5
Short Term Lease	Supported	Maintenance enquiries only	8
HPA - Homes Purchase Assistance	General	Maintenance enquiries only	7
Leasehold	General & Supported	Maintenance enquiries only	374
Crisis	Supported	Maintenance enquiries only	24
Affordable - NRAS /SEPP	General	Maintenance enquiries only	199
<b>TOTAL</b>			<b>1318</b>

# Property - Strategic Objective

## PROPERTY



99% of properties had a scoping inspection



99% after identified works completed meet, Housing NSW Property standard

## Property - Strategic Objective

### FIRST OFF THE BLOCK!

## Link Housing Delivers 100% of its Nation Building Leverage Commitments

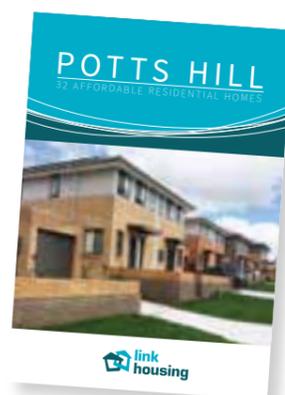
Link Housing successfully secured 218 dwellings under the Nation Building Economic Stimulus Project in 2011. As part of securing these properties, Link Housing was to leverage an additional 27 homes by 2018.

Link Housing has over achieved and delivered 32 new affordable homes in Potts Hill NSW, 2 ½ years ahead of schedule representing a 120% return. This makes Link Housing the first Community Housing Provider in NSW to have fully delivered its nation building leverage commitment.

The Hon Brad Hazzard, MP Minister for Family and Community Services and the Minister for Social Housing helped Link Housing mark the completion of their 32 home affordable development at an opening event on Wednesday 17 June.

Minister Hazzard said: "I congratulate Link Housing on this fabulous milestone and the opportunity it provides for the people of Western Sydney, it is great to see that Link have not only met their leveraging commitment, they have exceeded it, providing even more affordable homes".

Andrew McNulty, CEO of Link Housing said; "this fantastic achievement underscores Link Housing's strong history of providing affordable rental accommodation to people on very low to moderate incomes", adding, "we have funds available to deliver more homes in partnership with local communities, State and Federal Government and the private sector".



### DESIGN AND CONSTRUCTION

All constructed dwellings accords with the Building Sustainability Index (BASIX), which aims to deliver equitable, effective water and greenhouse reductions across NSW. Although not an essential requirement, solar panels have been included to reduce electricity costs for the residents. All houses comply with water, energy thermal properties and glazing efficiency standards.



PROJECT COSTS	
Land:	\$3.0 million
Build Cost:	\$6.4 million
Total Cost:	\$9.4 million
Average Cost per Home:	\$294,000
Completed Project Value:	\$12.9 million
Debt Finance:	\$6.1 million
Link Equity:	\$6.8 million

STRATEGIC PARTNERS	
Master Plans:	UrbanGrowth NSW
Financier:	Community Sector Bank (Bendigo & Adelaide Bank Ltd)
Architect:	Kennedy & Associates
Quantity Surveyors:	Hugh P Guage
Builders:	Boronia Estates Pty Ltd - 20 homes Trevelle Homes Pty Ltd - 12 homes

## Performance - Strategic Objective



**246**  
new households moved into our properties.

15.2% EBITDA, up from 9.6% the year earlier.

**86%**  
tenants satisfied with the services they receive

**1318**  
homes in management

**2578** people live in our homes, **885** of these are children



**\$3.3** million operating surplus which is \$1.2 million more than the previous year



Revenue for the year was \$21.3 million.



Of this \$12.2 million is rent from tenants.



\$7.3 million is government subsidies.



\$0.7 million is government grants.



\$0.5 million is fee for service income.



Interest income is \$0.4 million.



Miscellaneous tenant reimbursements is \$0.2 million.



Link is the largest Community Housing Landlord in all Northern Sydney LGA's

## Performance - Strategic Objective

### AWARDS

Link Housing was recognised as a Great Place to Work and also achieved two awards from the NSW Housing Federation.

1. Top 25 Great Place to Work in Australia
2. Employee engagement for our 'One Team Culture'
2. High commendable - Communications for raising awareness of Community Housing



### POLICY COMPLIANCE AUDITS

Link Housing conducts a number of internal, quality assurance activities that demonstrate our commitment to providing excellent, best practice services by applying strong internal controls.

One such activity is an on-going policy compliance exercise, whereby participating Link Housing staff apply internal audit principles to a selected number of policies, procedures and work processes through-out the year to make sure that our staff respect and abide by our own policies and procedures.

Link Housing targets a policy compliance review of all our policies during a three year cycle with 50% being completed in 2014/2015.

# Financial Statements 2014-2015

## Link Housing Ltd



LINK HOUSING LTD

ACN 003 084 928

(A company limited by guarantee)

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2015

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

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The directors present their report, together with the financial statements of the company for the year ended 30 June 2015.

## Directors

The names of each person who has been a director during or since the end of year are:

	DATE APPOINTED	DATE OF CESSATION
Aldo Manitta	25 November 2010	
George Marton	15 June 2010	Resigned 28 August 2014
Simon Maughan Wright	24 June 2013	
Andrew McAnulty	23 April 2015	
Mark McEnallay	25 June 2013	
Kerry Robinson	27 November 2014	
Eija Roti	22 May 2008	Resigned 27 November 2014
Julie Ann Savet Ward	15 June 2010	
Lois Towart	23 May 2011	
Sonja Walters	15 June 2010	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## Information on Directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

ALDO MANITTA	
Qualifications	BA MacqUni, Grad Cert in Public Sector Management
Occupation	Director
Special responsibilities	Member, HR & Nominations Committee

GEORGE MARTON	
Qualifications	MBA International Business, B. Commerce, Real Estate License NSW, GAICD.
Occupation	Strategic Property Advisor
Special responsibilities	Vice Chairperson, Chair, Development Committee

SIMON MAUGHAN WRIGHT	
Qualifications	Law & Grad Dip, Labour Law, Syd Uni., Admitted to the Bar of the Supreme Court NSW, GAICD and MBA (AGSM, UNSW)
Occupation	Principal, ABSA Corporate Advisory, trade sales mergers, acquisitions & property consulting, real estate development and company director.
Special responsibilities	Chair, Development Committee

ANDREW MCANULTY	
Qualifications	BA (Hons) Housing & Development; Royal Institution of Chartered Surveyors (MRICS); Chartered Institute of Housing (CIOH); Australian Institute of Company Directors (GAICD)
Occupation	Chief Executive Officer
Special responsibilities	Executive Director

MARK MCENALLAY	
Qualifications	B.Com, FCPA, FAICD.
Occupation	Business Operations Manager, Community Services & Health Industry Skills Council
Special responsibilities	Chair, Audit and Risk Management Committee

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

<b>KERRY ROBINSON</b>	
Qualifications	Bachelor of Town Planning (Hons), UNSW; Ass. Dip. Valuation, Sydney CAE
Occupation	General Manager
Special responsibilities	Member, Development Committee

<b>EIJA ROTI</b>	
Qualifications	B.Arts, LLB. Admitted as a Solicitor of the Supreme Court NSW, GAICD.
Occupation	Director, Policy, Programs and Strategy, Department Family and Community Services
Special responsibilities	Member, HR & Nominations Committee

<b>JULIE SAVET WARD</b>	
Qualifications	M Landscape Planning, B.Sc.(Applied PhysGeog) (Hons), FAICD
Occupation	Company Director
Special responsibilities	Chairperson

<b>LOIS TOWART</b>	
Qualifications	AssocDipVal(WAIT) BBus(WAIT) FAPI SFin.
Occupation	Licensed Valuer, Licensed Real Estate Agent, Academic
Special responsibilities	Member, Audit & Risk Management Committee

<b>SONJA WALTERS</b>	
Qualifications	MBA, BSW, Post Grad Certificate in Management, GAICD.
Occupation	Company Director and Trainer
Special responsibilities	Vice Chairperson, Chair, HR & Nominations Committee

The Company Secretary is Lindsay Kelly who is the Chief Financial Officer of Link Housing Ltd. Lindsay was appointed Company Secretary on 28 November 2013. He is a Fellow Member of the Governance Institute of Australia, the Australian Institute of Company Secretaries, and CPA Australia. For more than 30 years he has been a Company Secretary of various entities including ASX listed companies.

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## Directors Meetings

During the financial year, 9 meetings of directors and 13 meetings of committees of directors were held. Attendances by each director during the year were as follows:

	NUMBER ELIGIBLE / INVITED TO ATTEND	NUMBER ATTENDED
Julie Savet Ward	9	8
Sonja Walters	9	9
Aldo Manitta	9	6
Mark McEnallay	9	9
Simon Maughan Wright	9	9
Lois Towart	9	9
Kerry Robinson	6	6
Eija Roti	3	3
George Marton	1	1
Andrew McAnulty	2	2

## Development Committee Meetings

	NUMBER ELIGIBLE / INVITED TO ATTEND	NUMBER ATTENDED
George Marton	1	1
Simon Maughan Wright	6	5
Kerry Robinson	4	4
Aldo Manitta	6	4
Lois Towart	2	2
Julie Savet Ward	1	1
Sonja Walters	1	1
Mark McEnallay	1	1

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## Audit & Risk Management Committee Meetings

	NUMBER ELIGIBLE / INVITED TO ATTEND	NUMBER ATTENDED
Lois Towart	4	4
Mark McEnallay	4	4

## HR & Nominations Committee Meetings

	NUMBER ELIGIBLE / INVITED TO ATTEND	NUMBER ATTENDED
Aldo Manitta	3	3
Sonja Walters	3	3

## Principal activities

The principal activity of Link Housing Ltd during the financial year was the provision of community housing to low and moderate income earners in New South Wales. No significant changes in the nature of the company's activity occurred during the financial year.

The Company's activities resulted in the Company's registration as a Tier 1 Community Housing Provider under the National Regulatory System for Community Housing. The operating surplus will be used to further the Company's long-term objectives.

## Short and long-term objectives and strategy

The short term objectives of the company during the year were to strengthen financial sustainability to allow us to expand housing opportunities. In this aspect it was a high priority to complete the construction of 32 homes at Potts Hill. We also focused on improving services to clients and ensuring our staff had the appropriate skills to work effectively with our tenants.

The longer term objectives are to improve organisational performance, to ensure we have a robust business model, whilst continuing to focus on a broader range of affordable housing needs which extend beyond the traditional social housing tenant. We expect to expand the number of affordable housing tenancies to 5,000 by 2022.

## Investment properties

During the financial year we carried out formal valuations on four of the vested Nation Building Economic Stimulus Properties. The board approved a revaluation uplift of \$7.9 million on these properties. When the Potts Hill development was completed these homes were independently valued resulting in a valuation uplift of \$3.5 million.

The \$7 million debt facility available from Bendigo and Adelaide Bank Ltd is drawn down to \$6.1 million as at balance date. This facility was used to fund the construction of the 32 dwellings at Potts Hill. There remains an un-utilised portion of this facility.

## Performance measures

The company measures its own performance through the use of both quantitative and qualitative indicators. The indicators are used by directors to assess the financial sustainability of the company and whether the company's objectives are being achieved. A number of indicators are analysed in order to measure the performance of the company. These include EBITDA, tenant arrears, vacancies and voids and asset maintenance standards. These results are incorporated into a financial report that is reviewed by management and the board of directors regularly.

## Member's guarantee

The Company is limited by a guarantee of the members. The limits of the guarantee are provided in Note 22 of the Financial Report.

# Directors' Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## Events after the end of the reporting period

Part of Link Housing Ltd's portfolios of properties under management involve three year leases with NSW Land & Housing Corporation (LAHC). On 30 September 2014 a lease on 277 such properties came to an end. The lease has a provision for holding over on a monthly basis until the tenancy is terminated by either party. These properties have been included on leases which have been renewed numerous times previously.

A new lease from LAHC has been received for these properties. The terms of this lease are subject to review and negotiation and it is expected that it will be renewed in due course. However, in the unlikely event that the lease is not renewed by LAHC, it would result in an adverse impact on the business. Under such a scenario, the directors are of the view that a restructure would be appropriate to right-size the business to ensure its continued profitability. If this were necessary, there is a considerable balance of un-committed surplus funds held on term deposit which could be accessed to fund the business during the restructuring process.

## Auditor's Independence

The lead auditor's independence declaration in accordance with section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2015 has been received and can be found on page 6.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the directors.

Director:

Date: 20 August 2015

# Auditors Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## MOORE STEPHENS

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### AUDITOR'S INDEPENDENCE DECLARATION

#### TO THE RESPONSIBLE ENTITIES' OF LINK HOUSING LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30 June 2015, there have been no contraventions of:

- i. the auditor's independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

#### Moore Stephens Sydney

**Melissa Alexander**  
Partner

Dated in Sydney this 20<sup>th</sup> day of August 2015

Moore Stephens Sydney ABN 90 773 984 843. An independent member of Moore Stephens International Limited – members in principal cities throughout the world. The Sydney Moore Stephens firm is not a partner or agent of any other Moore Stephens firm.

# Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	NOTE	2015 \$	2014 \$
<b>Revenue</b>	4	<b>21,267,846</b>	18,981,854
<b>Other income</b>	5	<b>11,398,931</b>	871,656
<b>Expenses:</b>			
Property expenses		(12,216,976)	(11,911,572)
Employee benefit expenses		(3,186,808)	(2,908,525)
Maintenance expenses		(929,266)	(1,280,256)
Office expenses		(694,308)	(603,205)
Depreciation and amortisation expense		(41,963)	(122,758)
Finance costs		(209,467)	(20,855)
Other expenses		(31,096)	(109,108)
<b>Surplus before income tax expense</b>	19	<b>15,356,893</b>	2,897,231
Income tax expense	2(d)	-	-
<b>Surplus for the year after income tax expense</b>		<b>15,356,893</b>	2,897,231
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>15,356,893</b>	2,897,231

The accompanying notes form part of this financial report.

# Statement of Financial Position

AS AT 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	NOTE	2015 \$	2014 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	1,147,171	514,134
Other financial assets	8	12,017,569	8,851,265
Trade and other receivables	9	1,326,748	997,320
Other assets	10	759,853	829,233
<b>Total Current Assets</b>		<b>15,251,341</b>	11,191,952
<b>Non-Current Assets</b>			
Plant and equipment	11	32,713	51,195
Investment properties	12	82,622,752	67,310,137
Intangibles	13	150,688	12,431
<b>Total Non-Current Assets</b>		<b>82,806,153</b>	67,373,763
<b>Total Assets</b>		<b>98,057,494</b>	78,565,715
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	1,460,211	1,839,383
Provisions	16	341,709	235,678
Other liabilities	17	367,440	390,499
<b>Total Current Liabilities</b>		<b>2,169,360</b>	2,465,560
<b>Non-Current Liabilities</b>			
Borrowings	15	6,112,815	1,604,091
Provisions	16	36,303	113,941
<b>Total Non-Current Liabilities</b>		<b>6,149,118</b>	1,718,032
<b>Total Liabilities</b>		<b>8,318,478</b>	4,183,592
<b>NET ASSETS</b>		<b>89,739,016</b>	74,382,123
<b>Equity</b>			
Reserves	18	1,671,530	1,558,205
Retained surpluses	19	88,067,486	72,823,918
<b>TOTAL EQUITY</b>		<b>89,739,016</b>	74,382,123

The accompanying notes form part of this financial report.

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	Retained surpluses \$	Property reserve – affordable housing \$	SEPP 10 reserve \$	Total \$
<b>Balance at 1 July 2014</b>	72,823,918	727,689	830,516	74,382,123
Surplus for the year	15,356,893	-	-	15,356,893
Transfers to and from reserves	(113,325)	113,325	-	-
<b>Balance at 30 June 2015</b>	<b>88,067,486</b>	<b>841,014</b>	<b>830,516</b>	<b>89,739,016</b>
<b>Balance at 1 July 2013</b>	<b>70,051,138</b>	<b>603,238</b>	<b>830,516</b>	<b>71,484,892</b>
Surplus for the year	2,897,231	-	-	2,897,231
Transfers to and from reserves	(124,451)	124,451	-	-
<b>Balance at 30 June 2014</b>	<b>72,823,918</b>	<b>727,689</b>	<b>830,516</b>	<b>74,382,123</b>

The accompanying notes form part of this financial report.

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	NOTE	2015 \$	2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rent and other receipts		12,782,443	11,883,488
Government subsidies and grants received		8,599,597	8,029,743
Sundry receipts		18,146	275,981
Interest received		359,251	309,070
Payments to suppliers and employees		(18,165,785)	(18,582,061)
Interest and other finance costs paid		(209,467)	(20,855)
Net cash provided by operating activities		3,384,185	1,895,366
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of property, plant and equipment		-	-
Transfer to term deposits		(3,166,304)	(2,222,550)
Purchase of property, plant and equipment		(17,486)	(21,671)
Purchase of software		(144,252)	(80,708)
Investment properties construction work in progress		(3,916,178)	(1,661,248)
Improvements and additions to investment properties		(15,652)	(71,518)
Net cash used in investing activities		(7,259,872)	(4,057,695)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		4,508,724	1,604,091
Net cash provided by financing activities		4,508,724	1,604,091
Net increase/(decrease) in cash and cash equivalents held		633,037	(558,238)
Cash and cash equivalents at the beginning of the financial year		514,134	1,072,372
Cash and cash equivalents at the end of the financial year	7	1,147,171	514,134

The accompanying notes form part of this financial report.

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## 1. CORPORATE INFORMATION

Link Housing Ltd is a company limited by guarantee.

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the responsible entities' declaration.

The financial report was authorised for issue, in accordance with a resolution of responsible entities, on 20th August 2015. The directors have the power to amend and reissue the financial report.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the years presented unless otherwise stated.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for not-for-profit entities.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

### Critical Accounting Estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of

applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

### (b) New, revised or amending standards and interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

### (c) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met for each of the Company's activities as discussed below.

#### Subsidy and Grant revenue

Subsidy and grant revenues are recognised in the statement of profit or loss and other comprehensive income when the company obtains control of the grant, when it is probable that the economic benefits gained from the grant will flow to the company and the amount of the subsidy/grant can be measured reliably.

When subsidy/grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the subsidy/grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the subsidy/grant is recognised as income on receipt.

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

Link Housing Ltd receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit and loss and other comprehensive income.

## Interest revenue

Interest revenue is recognised as interest accrues using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

## Provision of services

Revenue recognition relating to the provision of services is determined with reference to rent or fees paid on residential accommodation. Rental income is recognised for the period up to the reporting date. Any rent paid in advance is recognised as deferred income.

All revenue is stated net of the amount of goods and services tax (GST).

## (d) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

## (e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturity dates of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## (f) Other financial assets

Other financial assets include term deposits which have an original maturity date greater than three months.

## (g) Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any provision for impairment.

## (h) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

### (i) Land

Freehold land is shown at cost.

### (ii) Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at historical cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in the statement of profit or loss and other comprehensive income or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2(i) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

### (iii) Depreciation

The depreciable amount of all fixed assets, excluding freehold land and investments, is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

Furniture, Fixtures and Fittings	20% - 33%
Office Equipment	20% - 50%
Computer Software	33%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit and loss and other comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## (i) Impairment of non-financial assets

At the end of each reporting period, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying value. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit and loss and other comprehensive income.

Assets, other than goodwill, that have an allocated impairment loss are reviewed for reversal indicators at the end of each reporting period. After recognition of an impairment loss, the amortisation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

## (j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods

and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## (k) Employee benefits

### Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and long service leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for these short-term employee benefits are recognised as a part of current provisions in the statement of financial position.

### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Assessment of expected future payments incorporates anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted at rates determined by reference to market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## Retirement benefit obligations

### Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

## (l) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term. The lease is not recognised in the statement of financial position.

## (m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the Australian Taxation Office is included in trade and other payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing

and financing activities, which are presented as operating cash flows.

## (n) Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation and are not occupied by the entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently revalued by an independent valuer on a three year cycle at fair value, based on similar assets, location and market conditions. Movements in fair value are recognised directly to profit or loss.

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arms length transaction, based on current prices in an active market for similar properties in the same location and condition. The independent valuer is a member of the Australian Property Institute.

The Valuer has taken into consideration the encumbrance on title for some of the properties which subjects the lands to the provisions of Section 64L of the Housing Act 2001.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfer to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value or at cost if fair value cannot be reliably determined and the construction is incomplete.

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## (o) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, that portion of the loans or borrowings are classified as non-current.

## (p) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- Interest on the bank overdraft
- Interest on short-term and long-term borrowings.

## (q) Intangible assets

### Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of three years. It is assessed annually for impairment.

## 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The

resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number key estimates and assumptions.

### Long service leave provision

As discussed in Note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	2015 \$	2014 \$
<b>4. Revenue</b>		
Rent received	12,168,016	11,226,480
Subsidies	7,279,176	6,809,103
Grants	691,330	-
Fee for service income	516,091	359,925
Interest received	400,550	330,364
Tenant reimbursements	212,683	255,982
	<b>21,267,846</b>	18,981,854
<b>5. Other Income</b>		
Gain on revaluation of investment properties	11,380,785	835,450
Sundry income	18,146	36,206
	<b>11,398,931</b>	871,656
<b>6. Expenses</b>		
Surplus before income tax includes the following specific expenses:		
Superannuation expense	257,067	228,249
<b>7. Cash and Cash Equivalents</b>		
Cash on hand	500	500
Cash at bank	1,146,671	513,634
	<b>1,147,171</b>	514,134
<b>8. Other Financial Assets</b>		
Bank deposits	12,017,569	8,851,265
	<b>12,017,569</b>	8,851,265

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	2015 \$	2014 \$
<b>9. Trade and Other Receivables</b>		
CURRENT		
Rent and non-rent amounts due from tenants	263,215	217,069
Provision for impairment	(119,643)	(94,043)
Total Trade Debts	143,572	123,026
Bonds paid on leased properties	718,872	687,804
Government subsidies receivable	213,103	27,333
Accrued interest receivable	176,023	134,724
Other receivables	75,178	24,433
Total Other Receivables	1,183,176	874,294
Total Trade and Other Receivables	<b>1,326,748</b>	997,320
<b>10. Other Assets</b>		
CURRENT		
Prepayments	733,150	828,453
Pre Project costs	26,703	-
	<b>759,853</b>	828,453
<b>11. Plant and Equipment</b>		
<b>PLANT AND EQUIPMENT</b>		
<b>Furniture, fixtures and fittings</b>		
At cost	70,935	70,935
Accumulated depreciation	(62,480)	(47,235)
Total furniture, fixtures and fittings	8,455	23,700
<b>Office equipment</b>		
At cost	127,539	110,053
Accumulated depreciation	(103,281)	(82,558)
Total office equipment	24,258	27,495
<b>Total plant and equipment</b>	<b>32,713</b>	51,195

The accompanying notes form part of this financial report.

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

## 11. Plant and Equipment (continued)

### Reconciliations

Reconciliations of the written down values for each class of plant and equipment between the beginning and the end of the current financial year:

	Furniture, Fixtures and Fittings \$	Office Equipment \$	Total \$
<b>Balance at 30 June 2014</b>	<b>23,700</b>	<b>27,495</b>	<b>51,195</b>
Additions	-	17,486	17,486
Disposal	-	-	-
Depreciation expense	(15,245)	(20,723)	(35,968)
<b>Balance at 30 June 2015</b>	<b>8,455</b>	<b>24,258</b>	<b>32,713</b>

	2015 \$	2014 \$
<b>12. Investment Properties</b>		
Investment properties – at fair value	<b>82,618,546</b>	61,821,489
Investment properties – at cost – construction work in progress	<b>4,206</b>	5,489,428
	<b>82,622,752</b>	67,310,917
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
<b>Opening balance</b>	<b>67,310,917</b>	64,026,240
Fair value adjustments	<b>11,380,785</b>	835,450
Additions resulting from capitalised development expenditure	<b>3,931,050</b>	2,449,227
<b>Closing balance</b>	<b>82,622,752</b>	67,310,917

<b>13. Intangibles</b>		
Software – at cost	<b>159,131</b>	14,879
Less: Accumulated amortisation	<b>(8,443)</b>	(2,448)
	<b>150,688</b>	12,431

Reconciliation of the written down value at the beginning and end of the current financial year are set out below:		
<b>Opening balance</b>	<b>12,431</b>	105,850
Additions	<b>144,252</b>	80,708
Amortisation expense	<b>(5,995)</b>	(68,277)
Impairment	-	(105,850)
<b>Closing balance</b>	<b>150,688</b>	12,431

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	2015 \$	2014 \$
<b>14. Trade and Other Payables</b>		
CURRENT		
Trade payables	<b>294,906</b>	157,930
Sundry payables and accrued expenses	<b>1,165,305</b>	1,681,453
	<b>1,460,211</b>	1,839,383
<b>15. Borrowings</b>		
NON-CURRENT		
Bank loan	<b>6,112,815</b>	1,604,091
	<b>6,112,815</b>	1,604,091
<b>16. Provisions</b>		
CURRENT		
Employee benefits	<b>291,709</b>	235,678
Provision for leasehold rectification	<b>50,000</b>	-
	<b>341,709</b>	235,678
NON-CURRENT		
Employee benefits	<b>36,303</b>	63,941
Provision for leasehold rectification	-	50,000
	<b>36,303</b>	113,941

### Reconciliation

	Employee Benefits	Leasehold Rectification	Total
<b>Balance at 30 June 2014</b>	<b>299,619</b>	<b>50,000</b>	<b>349,619</b>
Additional provisions raised during the year	248,240	-	248,240
Amount Used	(219,847)	-	(219,847)
<b>Balance at 30 June 2015</b>	<b>328,012</b>	<b>50,000</b>	<b>378,012</b>

### Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the

company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 2(k).

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	2015 \$	2014 \$
<b>17. Other Liabilities</b>		
CURRENT		
Deferred Income	367,440	390,499
	<b>367,440</b>	390,499
<b>18. Equity – Reserves</b>		
SEPP 10 reserves	830,516	830,516
Affordable Housing reserve	841,014	727,689
	<b>1,671,530</b>	1,558,205
<b>19. Equity – Retained Surpluses</b>		
Retained surplus at the beginning of the financial year	72,823,918	70,051,138
Surplus profit after income tax expense for the year	15,356,893	2,897,231
Transfer to Affordable Housing reserve	(113,325)	(124,451)
	<b>88,067,486</b>	72,823,918
<b>20. Capital and Leasing Commitments</b>		
<b>Operating Lease Commitments</b>		
Payable – minimum lease payments	61,983	163,126
- No later than 1 year	-	57,741
- Between 1 year and 5 years	61,983	220,867
The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term. Increase in lease commitments may occur in line with the consumer price index (CPI).		
<b>Capital Expenditure Commitments</b>		
Payable		
- No later than 1 year	875,255	4,171,331
- Between 1 year and 5 years	-	-
	<b>875,255</b>	4,171,331

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	2015 \$	2014 \$
<b>21. Contingent Liabilities</b>		
Contingent liabilities	93,200	93,200
Contingent liabilities represents estimates of potential financial effect of liabilities that may become payable. The company has guaranteed its debt to Commonwealth Bank of Australia for guarantees given to third parties.		
<b>Financing arrangements</b>		
The company has a \$7.0 million debt facility from Adelaide and Bendigo Bank Ltd. This facility was used for the construction of 32 dwellings at Potts Hill, Bankstown.		
Unused borrowing facilities at the reporting date		
Bank loans	887,185	5,395,909
	<b>887,185</b>	5,395,909
The bank loan facilities may be drawn at any time and have an average maturity of 14 years (2014: 15 years).		
<b>22. Members' Guarantee</b>		
The Company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the Company. At 30 June 2015, the total amount that members of the Company are liable to contribute if the Company is wound up is \$2,400.		
<b>23. Events after the End of the Reporting Period</b>		
No matter or circumstance has arisen since reporting date that has significantly affected, or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.		
<b>24. Key Management Personnel Disclosures</b>		
<b>Compensation</b>		
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:		
Aggregate compensation – Directors	81,836	84,137
Aggregate compensation – Executive	610,752	715,425
Composition of management teams was changed during the reporting period. There are fewer members in the Executive team than previously reported due to a secondary level of management being created.		

# Notes to the Financial Report

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

	2015 \$	2014 \$
<b>25. Related Party Transactions</b>		

## **Key management personnel**

Disclosures relating to key management personnel are set out in note 24.

## **Transactions with related parties**

There were no transactions with related parties during the current and previous financial year.

## **Receivable from and payable to related parties**

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

## **Loans to/from related parties**

There were no loans to or from related parties at the current and previous reporting date.

## **26. Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, borrowings from bank, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	NOTE	2015 \$	2014 \$
<b>Financial assets</b>			
Cash and cash equivalents	7	1,147,171	514,134
Other financial assets	8	12,017,569	8,851,265
Trade and other receivables	9	1,326,748	997,320
		<b>14,491,488</b>	10,362,719
<b>Financial liabilities</b>			
Trade and other payables	14	294,906	157,930
Sundry payables and accrued expenses	14	1,165,305	1,681,453
Borrowings	15	6,112,815	1,604,091
		<b>7,573,026</b>	3,443,474

# Responsible Entities' Declaration

FOR THE YEAR ENDED 30 JUNE 2015 | LINK HOUSING LTD | A COMPANY LIMITED BY GUARANTEE

In accordance with a resolution of the responsible entities, being the directors, of Link Housing Limited, the responsible entities of the company declare that:

- The financial statements and notes, as set out on pages 37 to 54, comply with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - Comply with Australian Accounting Standards Reduced Disclosure Regulations; and
  - Give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the company.
- In the responsible entities' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Responsible Entities.

**Julie Ann Savet Ward:**

**Date:** 20 August 2015

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF LINK HOUSING LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Link Housing Limited ('the company'), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory information and the responsible entities' declaration.

*Responsible Entities' Responsibility for the Financial Report*

The responsible entities are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the financial reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The responsible entities' responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entities internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

*Opinion*

In our opinion the financial report of Link Housing Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the financial reporting requirements of the *Australian Charities and Not-for-profits Regulation 2013*.

**Moore Stephens Sydney**  
Chartered Accountants

**Melissa Alexander**  
Partner

Dated in Sydney this 20<sup>th</sup> day of August 2015

# Governance Principles

## LINK HOUSING LTD CORPORATE GOVERNANCE PRINCIPLES

### **Principle 1: Lay solid foundations for management and oversight**

We establish and disclose the respective roles and responsibilities of Board and management. The duties and responsibilities of the Link Housing Board are outlined in the Constitution which is available on our website. We have adopted a Corporate Governance Framework which sets out in more detail the duties of the directors, the chair and Board committees. This is reviewed annually. To support the work of the Board and the senior management team, there are three Board committees - Audit & Risk Management, Development and Human Resources and Nominations.

### **Principle 2: Structure the Board to add value**

We have a Board of an effective composition, size and commitment to adequately discharge our responsibilities and duties. Link Housing follows a rigorous public recruitment process to attract members with professional skills and experience in financial and asset management, relevant law, risk and human resources management. The specific skills and experience of required directors is matched against our Strategic Direction. We also carry out an annual whole-of-Board performance review as well as individual director performance reviews. The results and recommendations are presented to the Board and followed up by the Company Secretary. The Directors' Report sets out the background and skills of the current Board members.

### **Principle 3: Promote ethical and responsible decision-making**

We actively promote ethical and responsible decision-making. These are contained in the Link Housing Corporate Governance Framework and the Code of Conduct. A conflict of interest register is maintained and updated at each Board meeting. All staff are required to sign the Link Housing Code of Conduct. A delegations master document is maintained and available for all staff and Board members.

### **Principle 4: Safeguard integrity in financial reporting**

We have a structure to independently verify and safeguard the integrity of our financial reporting. The Board has established an Audit & Risk Management Committee to scrutinise and oversee financial reporting and provide advice to the senior management team and the Board. This committee meets at least four times a year. Link Housing's financial records are audited annually and an Annual Financial Statement is lodged with ASIC and ACNC in accordance with our duties as a company limited by guarantee under the Corporations Act 2001 and the Australian Charities and Not-for-profits Commission.

### **Principle 5: Undertake timely and effective communication with stakeholders**

We undertake timely and effective communication of all material matters concerning the company. The company has obligations under registration arrangements and funding agreements to provide information to the Registrar of Community Housing (NSW) and the Department of Family and Community Services (Housing) NSW. Link Housing also engages regularly with its community partners that facilitate and maintain support services to vulnerable housing applicants and tenants. The key support providers are acknowledged on the Link Housing website.

### **Principle 6: Respect the rights of members and tenants**

We respect the rights of members and tenants and facilitate the effective exercise of those rights. Link Housing has adopted a Tenant Engagement and Community Development Strategy. Tenant Advisory Groups are held quarterly in four regional centres (Lower North Shore, Northern Beaches, Hornsby and Ryde). There are also a number of tenant surveys conducted including a Tenant Satisfaction Survey, Pathways and Homes applicant surveys and After Maintenance Survey. This information is used to improve our services. Tenants were also encouraged to undertake training courses offered from time to time. Link Housing has a robust complaints handling system, information on which is contained on the website.

### **Principle 7: Recognise and manage risk**

We have a sound system of risk oversight and management and internal control. Link Housing's Risk Management Framework and the accompanying Risk Register are regularly reviewed and updated to reflect new priorities. The Risk Management Framework uses principles embedded in AS/NZS ISO 31000:2009. Risk owners are provided additional training to that provided to all staff at induction. The Audit & Risk Management Committee reports to the Board on key risk issues and identifies matters for decisions.

### **Principle 8: Remunerate fairly and responsibly**

We ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. Staff remuneration is award based or by contracts linked to industry equivalents. Staff have annual performance development reviews that are used to determine salary increases.

# Governance Principles

A better future for those in need, through safe, affordable housing

*Link Housing strengthening lives and communities.*



# 2014-2015



## LINK HOUSING LTD

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