



Salvation Army
HOUSING

ANNUAL REPORT

2018 - 2019

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Our Mission

Salvation Army Housing (SAH) is committed to assist individuals experiencing social disadvantage and to establish and maintain safe, affordable, secure tenancies through the management of a range of high-quality housing options.

SAH principles complement and support the mission and values of The Salvation Army (TSA):

Caring for People

Creating faith pathways

Building health communities

Working for justice

Values

Recognising that God is always at work in the world, we value:

Integrity Being honest and accountable in all we do

Compassion Hearing and responding to pain with love

Respect Affirming the worth and capacity of all people

Diversity Embracing difference as a gift

Collaboration Creating partnerships in mission

We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.

About Us

Salvation Army Housing (SAH) is a community housing organisation that provides homes for individuals and families who are homeless or at risk of homelessness, are on low incomes and those with specific support needs.

As at 30 June 2019, SAH managed 629 properties in South Australia, Western Australia and Tasmania providing long-term, transitional and crisis accommodation.

SAH is a not-for-profit organisation, registered charity and a public company limited by guarantee, established in 2015 under the auspices of The Salvation Army to address the needs of people at all stages of their life and housing requirements. This includes early intervention to avoid a slide into homelessness, emergency accommodation and crisis response, transition to more stable accommodation and supporting a move to independence.

Our History

SAH had its origins in South Australia as Red Shield Housing Association Inc. in 1986. The Salvation Army later developed a social housing strategy which acknowledged that TSA in Australia had the potential to address the needs of people at all stages of the entry and support continuum, including early intervention to avoid a slide into homelessness, emergency accommodation and crisis response, transition to more stable accommodation and supporting a move to independence and in 2015 established SAH as a separate entity along with Salvation Army Housing (Victoria) and Salvos Housing.

Following The Salvation Army's launch of the Australian Territory on 1 December 2018, SAH with its presence in SA, WA and Tasmania, is coming together with Salvation Army Housing (Victoria) which operates throughout Victoria, as well as Salvos Housing with its presence in NSW, Queensland and ACT, to act collaboratively as a National organisation headquartered in Melbourne.



Mark Gray
Board Chair/Treasurer

Mark brings substantial experience in business, tax advice, financial planning and business development. Mark is a key leader in The Salvation Army church in the City of Adelaide and has been a Director and Treasurer of SAH since inception. Mark became Board Chair in February 2019.



Prof Roz Hansen
Board Director

Roz brings more than 30 years' experience as an urban and regional planner working in both the public and private sectors in Australia and the Asia Pacific Region. In addition to project managing multi-disciplinary teams, Roz has undertaken community engagement and participation in the preparation of municipal and regional strategies.



Major Jenny Begent
Board Director

Jenny has been a Salvation Army officer for 30 years, serving in a range of social and community services and leadership positions including the Family Violence and Homelessness area. Jenny is currently National Head of Social Mission and became a Director in December 2018.



Jeff Davey
Board Director

Jeff joined The Salvation Army in January 2018 as Group Executive, Mission Enterprises. Jeff trained as a Chartered Accountant, and spent most of his career as an executive in the health and welfare sectors. Jeff became a Director of SAH in June 2018.



Robert Pradolin
Board Director

Robert is an engineer by background and has been active in the property industry for over 30 years. Robert has a keen interest and is active in the area of social and affordable housing.



Lieut-Colonel Winsome Merrett
Board Director

Winsome has served as an officer for 32 years in a variety of appointments across Australia, including pastoral church ministry, church resourcing ministries and administrative leadership. Her current appointment is Assistant Chief Secretary where she has responsibility over a portfolio which includes International Development, Enterprise Project Management Office, Internal Audit, Professional Standards and Quality and Governance and Risk. Winsome became a Director in December 2018.

Board members who retired during 2018/19

- Major David Eldridge AM, Board Chair 1 July 2015 to 7 December 2018
- Major Malcolm Roberts, Director and Company Secretary, 29 July 2010 to 22 January 2019
- Major Andrew Craib, Director, 8 December 2017 to 7 December 2018
- Colonel Graeme Rigley, Director, 24 August 2017 to 10 September 2018

Our Leadership Team

Operating as a National housing organisation, the Leadership Team comprises the State Managers of each State and the Head Office under the leadership of the CEO.

Introducing our new CEO, [Chris Karagiannis](#), who commenced on 29 July 2019:



Chris comes to us from Benetas (Anglican Aged Care Services Group), where he held the position of General Manager, Strategy, Infrastructure and Housing. Originally from a property and project management background, over the last ten years, Chris has further developed his career through executive responsibility for strategy and corporate development, program and operations management and mergers and acquisitions. Chris holds a Post Graduate Diploma in Project Management, an MBA (Dist) and is a graduate of the Australian Institute of Company Directors.

Chris will lead the creation of a national Salvation Army mission expression that seeks to transform the lives of those experiencing housing hardship and injustice.

We also acknowledge the departure of Mark Dall who held the role of CEO for almost four years from just after the inception of the SAH.

Mark was key to establishing a robust management team across both SAH and Salvation Army Housing (Victoria), to operate over 1400 social housing dwellings across Victoria, Tasmania, WA and SA, bolstering SAH's compliance across multiple housing regulatory frameworks and strengthening our relationships with the various state government offices of housing.

We thank Mark for his service and wish him well for his future endeavours.

The rest of the Leadership Team:

[Lisa Dalla-Zuanna](#) - State Manager (Vic.)
Salvation Army Housing (Victoria)

[Miles Hennighan](#) - State Manager (WA)
Salvation Army Housing

[Kerry Gray](#) - State Manager (SA and NT)
Salvation Army Housing

[Jed Donoghue](#) - State Manager (Tas.)
Salvation Army Housing

[Kellie Cusack](#) - General Manager (QLD, NSW & ACT)
Salvos Housing

[Belinda Plotkin](#) - Compliance, Policy & Process Manager

[Rohit Jindal](#) - Financial Controller

Chairperson's Report

I am grateful for the opportunity to take over the role of Chair from February 2019.

I take this opportunity to express my thanks for the efforts of Malcolm Roberts who resigned as a Director in February this year. Malcolm's service to Salvation Army Housing goes back many years and he has been an invaluable resource for this expression of The Salvation Army's mission.

2019 has been a year of significant change within our business. We have seen the recent appointment of the new National CEO. We are currently undergoing the Housing Department design process which will inevitably bring about more change.

Consequently, we look forward to a positive and exciting future. We are of the view that our strong integration with The Salvation Army and its services provides the best opportunity for delivering the outcomes we strive for. We would recognise that this has been both misunderstood and underutilised in the past.

As is evident, we are operating in challenging times. Our role, that of providing housing to those most in need, cannot be underestimated. We continue to work to build more stock to supply this ever-increasing and largely unsatisfied demand.

We have had some excellent results in this space, with construction concluded on Project 9 in Tasmania. We

also look forward to the finalisation of the development now underway in Torquay Road in Geelong. We have also made property purchases in both South and Western Australia. Our plan is to keep this activity going.

I acknowledge the work and efforts of all our Directors and thank them for their service this past year. I would especially note the independent directors, namely Professor Roz Hansen and Robert Pradolin, who willingly donate their time to our Vision and Mission.

I would further acknowledge the hard work of the State Managers and their respective teams across the country, that daily and tirelessly roll out the mission and seek to provide a home and support to those most in need



Mark Gray CA
Chairperson



Highlights for the Year

The year has been one of expectant change with a new CEO appointed from July 2019 and the process of department redesign recommencing following The Salvation Army's transition to operating as one Territory.

Salvation Army Housing (SAH) continues to operate as the housing arm of The Salvation Army as a Tier 2 housing provider under the National Regulatory Scheme for Community Housing (NRSCH). SAH operates in South Australia, Tasmania and Western Australia.

SAH is committed to the vision, mission and values of The Salvation Army and this commitment can be demonstrated and measured through our growth in the community housing sector. We are a values-based organisation that seeks to make a significant contribution towards a peaceful, just and sustainable world. Unless we focus our views not only on where we live, but also on how we live in that space, we cannot move forward. To bring compassion, respect and dignity through people-centred development is the only way to create true change. The Salvation Army and SAH can set a standard that empowers people to want to manage the change and lead a path forward not only for them but for everyone that encounters them.

Some notable highlights for the year follow.

In WA, Salvation Army Housing (SAHWA) has, as of

5 July 2018, successfully signed and implemented the Community Housing Agreement (CHA). This sees them recognised under both the CHA and the NRSCH as a Tier 2 Community Housing Provider. Over the year, the portfolio has expanded its portfolio by 11%. This includes the purchase of a two-bed unit to offer long-term settled accommodation for a family that had come through support programs and our homelessness accommodation programs. The purchase was achieved through our committed growth surplus through good governance and operational processes. Salvation Army Housing in Western Australia remains committed to providing quality housing and housing services to all Australians in need of a housing with secure tenure. With the newly formed Salvation Army Australia Territory we will be looking to expand our housing services to partner in every way possible with the multiple Salvation Army programs available.

With the range of accommodation that SAHWA can offer to tenants we are more than equipped to meet all needs, both physically and spiritually, as we have done this past year for all referrals that have come to SAH.

In South Australia we were able to improve our turnaround for singles and families being allocated into our properties from the South Australia Community Housing register. Many of these clients were fleeing domestic violence and wanting a safe place to raise their children, others were putting their lives back together away from drugs and alcohol. For many we offer a place

to call home, somewhere people can become part of their community, plant a garden or help an elderly neighbour.

Supporting South Australians to turn their lives around and become stronger and independent is the best possible outcome for us as providers of social housing.

As with Western Australia, SAH was able to purchase a two-bed unit in Goodwood, SA, adding to our housing portfolio. Once again, the purchase was achieved through our committed growth surplus through good governance and operational processes and leaves us with enough surplus to pursue development opportunities in the coming year.

As at 30 June 2019, SA managed a portfolio of 286 properties being the largest provider for Salvation Army Housing under the NRSCH.

Tasmania's community housing program currently manages 146 Housing Tasmania properties, 39 community housing properties owned by The Salvation Army in Hobart.

Significantly, Salvation Army Housing in Tasmania (SAHT) completed a project to construct nine new properties next to existing dwellings as part of Tasmania's Stock Leverage Project under which the Government has committed to providing ownership of the 30 properties to Salvation Army Housing.

This project was completed in August 2019 and enables SAHT to manage a less dispersed portfolio in that area,

which will be of benefit to all tenants.

2018- 2019 has been a very productive year at SAHT. All the team have worked hard to maintain a stable tenancy mix, a well-maintained property portfolio and a balanced budget. Housing was provided to 310 adults and children.

Staff attended several community sector networking events, held Christmas and mid-year functions for all tenants with representatives from other services, housing and homeless programs. SAHT are now connected with all services located within The Salvation Army to provide ongoing support for our tenants.

Also, in Tasmania is the Campbell St Hobart site which consists of 50 units managed by Salvation Army Housing for the Department of Communities since December 2016. This site is managed based on a model requiring a tenant mix of low income and supported tenancies. The property is staffed from 8am to 12am all year. Pleasingly, Salvation Army Housing Campbell St had its service agreement extended for an additional 12 months to June 30, 2020.

A significant achievement this year was our successful application with the Mercy Foundation's 'Grants to End Homelessness'. \$50k was provided to seed fund a social enterprise initiative based around the business of a coffee van implemented as a partnership between SAH, TSA, Hobart City Council, Country Victoria Training Group (CVGT) and Tas TAFE.

The Coffee Ground Cafe has given tenants at Campbell St access to barista training and ongoing employment with CGCC Coffee Sales are now sitting at around 160 coffees per day, which keep the tenants involved very busy.

Through the coffee van, a number of partnerships and supports have developed with the local community, from the provision of cookies to sell, radio publicity and referrals from nearby businesses.

A further achievement for Salvation Army Housing is that SAH Common Ground Team (CGT) were awarded the Australasian Housing Institute's 2019 'Innovation in Social Housing Award – TAS., SAH CGT are shortlisted for the national award in this category.

Salvation Army Housing is committed to delivering affordable housing and in partnership with TSA can deliver benchmark services specific to the needs of the individual or family. By responding to the immediate needs of people, housing being one of the biggest, Salvation Army Housing is aware of the daily difficulties faced by individuals and families as a result of social disadvantage.

By combining TSA services together with a commitment to creating a better life for people, particularly for those who are most vulnerable in our communities, Salvation Army Housing will partner with Salvation Army programmes a cross Australia to deliver the most sustainable housing models in the country. No other organisation is better equipped or more focused on its mission.



A Personal Story

Written & précised by Miles Hennighan
(Interviewed 23.10.19)

From Somalia to Perth (WA)

SAH recently were able to house an amazing family who have survived significant trauma and were willing to share part of their story.

During the Somalia civil war Ella's (all names have been changed) husband (Mo) was arrested and accused of spying for the Australian government but in fact he was a translator. Mo was put in a container with 21 other detainees with one air hole which each took in turn to inhale fresh air. Over the weeks three men were removed each day to be taken away and shot. Mo was one of the last surviving three men – Ella came to the container and he told her to look after the children (four) as he was to be taken away the next day. Ella was over eight months pregnant at the time and with the severe news her waters broke – she made it to a nearby house of a midwife, but the baby was born in the gutter of the street.

Ella had no food for the family and was regularly harassed by security forces of the opposing tribe. She eventually made and sold food leaves as a helper to a market holder. In the meantime, Security came to her and told her that her husband had instead been incarcerated for three years six months and not murdered.

As Ella was managing to feed her family by working on the market stalls and having to leave her five children at home under neighbours supervision – she one day arrived home to find her house having been burnt to

the ground by security forces. The neighbours said they poured petrol over the roof whilst the children were still inside – the neighbours thankfully ran to rescue them all.

Once Mo's prison term was completed the whole family decided to escape to Kenya and without food or water supplies undertook the perilous three to four month journey on foot. They successfully crossed the Kenyan border and eventually were granted a visa to Australia, living in Melbourne first and then coming to Perth in 2004.

In their public housing in Perth they were racially abused and physically harassed. A neighbour came into their property wielding a knife and threatening to kill them – they of course were terrified so the whole family slept in one room together until the offender was apprehended. He was subsequently imprisoned for four years but Ella and her family never felt safe. They were transferred to alternative accommodation but again this was not suitable due to their experiences and fear of further discrimination.

SAHWA accessed them as a Priority family which also now includes of a severely disabled granddaughter. They have been housed in a large, easy access family home with excellent local schools and facilities nearby other family members. Ella says that the neighbours are friendly and say hello and she and her husband are so happy and can finally have peace and security for them all. They now have a future they can perceive.

Financial Statements

Directors' report

Salvation Army Housing

ACN 608 346 934

For the year ended 30 June 2019

The directors present their report together with the financial report of Salvation Army Housing, a Company limited by guarantee ('Company'), for the financial period ended 30 June 2019 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial period are:

Name	Appointment Date	Resignation Date
Mark Christopher GRAY	21-Sep-15	N/A
Prof Roslynne Elizabeth HANSEN	25-Nov-15	N/A
Jeffrey William DAVEY	28-Jun-18	N/A
Robert PRADOLIN	23-Aug-18	N/A
Winsome Joy MERRETT	7-Dec-18	N/A
Jenny Irene BEGENT	7-Dec-18	N/A
Malcolm John ROBERTS	21-Sep-15	22-Jan-19
David John ELDRIDGE	25-Nov-15	7-Dec-18
Andrew CRAIB	8-Dec-17	7-Dec-18
Graeme RIGLEY	24-Aug-17	10-Sep-18

2. Company Secretary

Malcolm John Roberts who was appointed as Company Secretary on 21 September 2015 resigned from the role on 22 January 2019. Chris Karagiannis was appointed as Company Secretary on 1 August 2019.

3. Directors' Meetings

The Directors held nine meetings during the year. The attendance was as follows:

Director	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Feb-19	Mar-19	May-19	Jun-19
Mark Christopher GRAY	√	√	√	√	√	√	√	√	√
Prof Roslynne Elizabeth HANSEN	√	√	X	√	√	√	√	√	√
Jeffrey William DAVEY	√	√	√	√	√	√	√	√	√
Robert PRADOLIN	-	-	√	√	√	√	√	√	√
Winsome Joy MERRETT	-	-	-	-	-	√	√	√	√
Jenny Irene BEGENT	-	-	-	-	-	√	X	√	X
Malcolm John ROBERTS	√	X	√	√	√	-	-	-	-
David John ELDRIDGE	√	√	√	√	X	-	-	-	-
Andrew CRAIB	√	X	√	X	√	-	-	-	-
Graeme RIGLEY	√	-	-	-	-	-	-	-	-

4. Principal activities

The company manages properties on behalf of the Director of Housing.

In addition, Salvation Army Housing manages the community housing operations of The Salvation Army in South Australia, Western Australia and Tasmania.

5. Operating and financial review

A summary of revenues and expenses is set out below:

	2019	2018
	\$	\$
Total revenue	7,936,148	8,663,604
Total expenses	(5,057,653)	(5,330,302)
Net finance (expense)/income	(1,706,602)	(2,706,891)
Net surplus/(deficit) for the year ended 30 June	1,171,893	626,411

The net surplus for the 2019 financial year is \$1,171,893 compared to 2018 surplus of \$626,411.

Net cash from operating activities is \$831,198 compared to \$1,717,076 in the previous year.

In the opinion of the directors the Company is able to plan and manage its operational expenditures within the funds currently committed and accordingly the Company continues to operate as a going concern.

6. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in future financial years.

7. Developments

The company is undergoing construction of nine dwellings in Tasmania and purchased one dwelling each in Western Australia and South Australia for use of social housing.

8. Indemnification and insurance of officers

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance premiums

The officers are covered by insurance taken out by The Salvation Army Australia Territory.

9. Proceedings on behalf of Company

Nil

10. Environmental Regulations

The company is not subject to any environmental regulations under the law of the Commonwealth or of a State or Territory.

11. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for the financial year ended 30 June 2019.

Salvation Army Housing

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Revenue			
Government grants		411,520	493,749
Rental income		5,487,807	5,721,366
Capital Government Grant	10	1,569,000	1,316,393
Other income		467,821	1,132,096
		7,936,148	8,663,604
Less: Operating expenses			
Property management expenses		(4,310,790)	(4,462,178)
Administration expenses		(743,464)	(866,866)
Sundry expenses		(3,399)	(1,258)
Capital contribution to the Department of Housing		-	-
		(5,057,653)	(5,330,302)
Interest income		206,251	195,034
Interest expense		(1,912,853)	(2,901,925)
Net finance income		(1,706,602)	(2,706,891)

	Note	2019	2018
		\$	\$
Operating Surplus before income tax expense		1,171,893	626,411
Income tax expense		-	-
Profit for the year		1,171,893	626,411
Other comprehensive income		-	-
Total comprehensive income for the year before allocations		1,171,893	626,411

The Annual Financial Report has been audited by KPMG. They have expressed an unqualified audit opinion. For a complete set of financial statements which include the Notes, please email rohit.jindal@salvationarmy.org.au

Salvation Army Housing

Statement of Financial Position

As at 30 June 2019

	Note	2019	2018
		\$	\$
Assets			
Cash and cash equivalents	4	5,468,807	8,476,853
Trade and other receivables		303,913	277,291
Freehold land and buildings held for sale	5	-	-
Total current assets		5,772,720	8,754,144
Property, plant and equipment	5	2,730,267	69,979
Investment property	6	73,116,045	71,044,000
Total non-current assets		75,846,312	71,113,979
Total assets		81,619,032	79,868,123
Current Liabilities			
Trade and other payables		441,970	846,795
Employee benefits		205,861	171,491
Finance lease liability	7	868,282	887,769
Total current liabilities		1,516,113	1,906,055

	Note	2019	2018
		\$	\$
Employee benefits		31,915	24,371
Provisions	8	1,472,172	1,516,644
Finance lease liability	7	53,862,807	52,856,921
Total non-current liabilities		55,366,894	54,397,936
Total liabilities		56,883,007	56,303,991
Net assets		24,736,025	23,564,132
Equity			
Reserves		22,795,729	21,235,628
Retained earnings		1,940,296	2,328,504
Total equity		24,736,025	23,564,132

Salvation Army Housing

Statement of Changes in Equity

For the year ended 30 June 2019

	Retained Earnings	Planned Maintenance	Asset Replacement	Property Contribution	Total
	\$	\$	\$	\$	\$
Balance at beginning of year 1 July 2017	1,605,651	1,959,428	833,136	18,539,506	22,937,721
Profit for the year	626,411	-	-	-	626,411
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive (loss)/income for the year	626,411	-	-	-	626,411
Allocation to/(from) other capital funds	96,442	-	-	(96,442)	-
Balance at end of year 30 June 2018	2,328,504	1,959,428	833,136	18,443,064	23,564,132
	Retained Earnings	Planned Maintenance	Asset Replacement	Property Contribution	Total
	\$	\$	\$	\$	\$
Balance at beginning of year 1 July 2018	2,328,504	1,959,428	833,136	18,443,064	23,564,132
Profit for the year	1,171,893	-	-	-	1,171,893
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive (loss)/income for the year	1,171,893	-	-	-	1,171,893
Allocation to/(from) other capital funds	(1,560,101)	113,027	-	1,447,074	-
Reserves acquired/(released)	-	(1,438,841)	(655,431)	2,094,272	-
Balance at end of year 30 June 2019	1,940,296	633,614	177,705	21,984,410	24,736,025

Salvation Army Housing

Statement of Cash Flows


For the year ended 30 June 2019

	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Cash receipts from government and clients		6,340,526	6,989,382
Cash paid to suppliers and employees		(5,461,637)	(5,259,386)
Cash from operating activities		878,889	1,729,996
Interest paid		(47,691)	(12,920)
Net cash from operating activities	4	831,198	1,717,076
Cash flows from investing activities			
Interest received		206,251	195,034
Sale of Asset		-	624,840
Purchase of Property Plant and Equipment		(3,166,732)	(69,979)
Net cash (used in)/from investing activities		(2,960,481)	749,895

	Note	2019	2018
		\$	\$
Cash flows from financing activities			
Repayment of finance lease liability		(878,763)	(852,705)
Net cash used in financing activities		(878,763)	(852,705)
Net increase in cash and cash equivalents		(3,008,046)	1,614,266
Cash and cash equivalents at 1 July		8,476,853	6,862,587
Cash and cash equivalents at 30 June		5,468,807	8,476,853

Contact Us

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Salvation Army

HOUSING