

# Allowable Expenditure Policy

for Funded Community Housing and Crisis  
Accommodation Program Providers

Effective Date: 11 September 2020

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## 1 Purpose

The Department of Housing and Public Works (department) is committed to strengthening the community housing sector to take a more active role in developing, managing and delivering social and affordable housing.

This policy provides direction on program allowable expenditure to give funded providers (including providers registered under the *Housing Act 2003*) greater independence and flexibility when using program funds. Providers should read this policy together with their funding (assistance) agreement. This policy does not apply to funding provided under the *Community Services Act 2007*.

The department may review and/or change this policy at any time, or make specific decisions about allowable expenditure for any program or funding agreement. All references in this policy to “approval” or “agreement” mean written approval or agreement from the department.

## 2 Policy statement

The intent of this policy is to provide clear direction on how program receipts can be expended, and the department’s position on the treatment of surplus funds. The policy encourages providers to operate efficiently, and allows for the use of funds to flexibly manage and grow social housing programs.

Specifically, this policy will outline:

- common allowable expenditure (see Attachment 2) for community housing and crisis accommodation programs
- the expected cash provisions that providers must make for asset management and maintenance
- how to identify a surplus balance, and how this should be treated.

### 2.1 Policy scope

This policy applies to all recurrent and non-recurrently department funded housing programs. This includes the following programs:

- Long-term Community Housing Program (LTCHP)
- Affordable Housing Program (AHP)
- Community-managed Housing – Studio Units Program (CMSU)
- Same House Different Landlord Program (SHDL)
- Community Rent Scheme (CRS)
- Crisis Accommodation Program (CAP)
- Supportive Housing Program (SHP)

## 3 Legislative and contractual requirements

The obligation to return unexpended program funds and unspent receipts are legislated under the *Housing Act 2003* (*‘the Act’*) and the *Housing Regulation 2015* (*‘the Regulation’*) and may be a contractual requirement under the terms of the funding agreement between the funded provider and the department.

Section 26 of *the Act* provides that where a funding agreement with a funded provider ends and an amount that has been paid to the provider under the agreement has not been expended then the department may demand repayment of the unexpended amounts.

Section 8 of *the Regulation* provides that if the funding agreement with a funded provider is in force and the provider is required under the agreement to spend an amount comprised or receipts for a housing service within a stated period and has not spent the amount by the end of the period then the department may require the funded provider to pay the amount to the department.

This policy is subject to the provisions of *the Act*, *the Regulation* and any applicable funding agreement.

When implementing this policy, the provider must apply principles compatible with the *Human Rights Act 2019*, making decisions fairly and transparently.

## 4 Program receipts (income)

Receipts for a housing service that a funded provider provides is defined under Schedule 2 of *the Regulation*, as:

- (a) funding paid to the funded provider by the chief executive; or
- (b) an amount other than funding, that the funded provider receives for providing the service (like rent and fees); or
- (c) the proceeds of sale of a funded property; or
- (d) interest on an amount mentioned in paragraphs (a) to (c).

The above paragraphs (a)-(d) are all program receipts and are subject to this policy.

## 5 Allowable expenditure

All funding should be acquitted in accordance with International and Australian Accounting Standards and the terms of the funding agreement.

**Depreciation:** The Australian Accounting Standards requires non-current assets that have limited useful lives (depreciable assets) to be depreciated over those useful lives. Depreciation is a non-cash expense for the business entity. The depreciation expense is, however considered in the calculation of the operating result. It is not included as an allowable expense against program funds but will still be recorded in financial reporting to meet the requirements of the appropriate accounting standard.

**Capital Expenditure:** Program related capital expenditure (excluding certain defined categories where the related capital grant is also not included) is allowed to be claimed during the period incurred.

Accordingly, depreciation related to those capital items expensed are not allowed to be later claimed.

### 5.1 Common Allowable Expenditure

The following applies to the expenditure of all program receipts:

- Program receipts may only be used for funded program objectives.

- Funding under *the Act* may be used to subsidise other programs, services, properties or units of accommodation managed by the provider that are also funded under *the Act*. Funding provided under the *Act* must not be used for the delivery of services funded under the *Community Services Act 2007*.
- Providers are required to have a transparent and reliable method of cost allocation of funding that can be reasonably justified and be able to provide the department with evidence (if requested) of expenditure against the funded program's objectives.

To ensure consistency across all programs and to provide clarity on the appropriate uses of program funding, the Common Allowable Expenditure List (Attachment 2) lists allowable expenditure, including tenancy and property management expenses, organisation administration expenses, service improvement and strategy expenses and the costs of client support services.

### 5.1.1 Management fees

The Common Allowable Expenditure List allows funded providers to use program receipts to cover management fees (often referred to as corporate services expenses). Management fees are charged to recover overhead costs, shared across different income sources, meaning they cannot be charged as a direct cost to a single income source.

## 5.2 Provisions for asset management and maintenance

Providers must allocate enough funds from their program receipts to pay for the management and maintenance of provider-owned and department-owned properties and assets to meet regulatory and funding requirements. Reserves set-up for this purpose should be accounted for using the appropriate accounting standards and practices.

Providers must obtain approval from the department if they want to create a reserve of funds for any other purpose, such as capital upgrades.

## 6 Surplus balance

A surplus is any program receipts left over after subtracting allowable expenditure, appropriate provisions for asset management and maintenance and, if required, returning unexpended program funds or receipts to the department.

The policy intends that Providers will have committed or expended any surplus balance at the end of each financial year to fund growth or renewal in the portfolio in accordance with their Growth Plans.

For properties owned by providers, where the provider has a stated share in the equity of the property under a funding agreement, this will be recognised in determining the proportion of surplus to which this policy applies. Similarly, where a funding agreement provides for a Provider Surplus Proportion, that proportion of surplus is not subject to this policy.

The provider may retain surplus funds to use for allowable program expenditure as shown in Attachment 2. The provider will need to submit an application to the department for approval if they want to use surplus funds for a special project or purpose not listed in the Common Allowable Expenditure List. If approved, this funding is classified as committed surplus.

Providers should apply to use surplus funds to develop, grow and improve the social housing sector, such as:

- redeveloping the existing portfolio
- increasing maintenance and management funds for existing assets
- increasing the supply of housing stock in the state.

The department will review applications and decide if the proposal provides value for money and will address housing need in the region.

## 7 Return of unexpended program receipts

The department has the power, under the *Act* and the *Regulation*, and through contractual obligations with funded providers, to request the return of unexpended program funds or receipts.

### 7.1 Recurrently funded programs

Recurrently funded programs receive an annual or recurrent funding grant from the department. This includes private head-lease programs such as CAP and CRS.

Providers receiving recurrent funding are required to acquit the funds as part of the Community Housing Annual Financial Reporting (CHAFR) process. The department may work with funded providers to utilise, reallocate or return any unexpended program funds identified as part of the CHAFR process. For example, unexpended funds may result from a provider failing to meet their minimum program quota, during a funding period, or similar under-spending of grant funding. The department may at its sole discretion reallocate unexpended funds.

### 7.2 Non-recurrently funded programs

The department may require the provider to return any unexpended capital or one-off grant funding.

The department will also require the repayment of loans and other financial assistance provided by the department, and sale proceeds of funded property (at percentage of equity, if applicable).

## 8 Reporting requirements

The Provider is responsible for reporting on the housing services it delivers, or is required to deliver, with funding received under *the Act*.

In addition to any contractual obligations under the funding agreement the Provider must provide the following information and reports to the department:

- Information on funded properties and maintenance as requested by the department. The department must be notified about changes to funded properties including any new properties head-leased from the private market, or any substantial changes to property details such as acquisitions or disposals, within two days after the change has occurred using the Conditions document - request form for fixtures and alterations undertaken by housing providers.

- Completed performance reports in the timeframes specified in the Community Housing and Crisis Accommodation Performance Reporting Template provided by the department from time to time, within 21 days after the end of the reporting period.
- A Community Housing Annual Financial Return (CHAFR) or other funding acquittal, on a date specified by the department, in the form or system provided by the department from time to time.
- The Annual Community Housing Survey produced by the Australian Institute of Health and Welfare, which captures unit record data, information about community housing organisations, the dwellings they manage and tenants assisted. Limited financial information from the previous financial year is also collected. The survey is administered by the department in June of each year and community housing provider survey responses are required to be returned on a date specified by the department.

**Attachment 1:** Contacts

**Attachment 2:** Common Allowable Expenditure List

**Attachment 3:** Definitions **Attachment 4:** References

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## Attachment 1: Contacts

Region and contact details	email
Brisbane Region – 3007 4386	HHS BR ORD HHSBRORD@hpw.qld.gov.au
South /West Region – 3437 6044	HS-South-West-Region@hpw.qld.gov.au HHSSWRORD@hpw.qld.gov.au
Central Queensland/North Coast Region – 4848 7060	HHS CQNCR ORD HHS-SD-CQNCR-ORD@hpw.qld.gov.au
North Queensland Region – 4724 8578	HHS NR ORD HHS-NR-ORD@hpw.qld.gov.au
Aboriginal and Torres Strait Islander Housing Unit- Cairns – 4036 5570	HHSATSIHUDeliveryProperty- Staff2@hpw.qld.gov.au HHSATSIHUDeliveryTenancy- Staff@hpw.qld.gov.au HHSATSIHUBPAS-Staff@hpw.qld.gov.au



## Attachment 2: Common Allowable Expenditure List

<b>Term</b>	<b>Definition</b>
<b>Tenancy management</b>	<p>Expenses related to the management of funded tenancies and delivery of tenancy services.</p> <p>This includes but is not limited to insurances, tenant engagement strategies, recovering rent arrears and debts.</p>
<b>Property management</b>	<p>Expenses related to the maintenance and management of funded properties.</p> <p>This includes but is not limited to insurances, repairs, maintenance and property services, utilities for communal areas, cleaning and pest control, rates and taxes, rent on rental properties, security expenses and valuation fees.</p>
<b>Organisation administration</b>	<p>Expenses related to the operation of the organisation to support the delivery of funded tenancy and property management services.</p> <p>This includes but is not limited to accounting fees, advertising and promotion, audit, auspice, legal and management fees, bank charges, computer expenses, equipment hire / lease, health and safety, insurances, salaries and wages and interest paid on loans previously approved by the department.</p>
<b>Service improvement strategies</b>	<p>Expenses that support business and service improvement strategies.</p> <p>This includes but is not limited to expenses related to obtaining and maintaining accreditation and undertaking service review activities and requirements, consultation activities, preparation of business and strategic plans and tenant surveys.</p>
<b>Tenancy Support and Service Coordination</b>	<p>Expenses that support the connection of tenants to the services and other support they require to improve social and economic outcomes and help sustain tenancies.</p>
<b>Repayment of Debts</b>	<p>A provider may have entered into an agreement with the department to fund the growth in their housing portfolio utilising debt. If this is the case, the provider may repay the debt utilising program receipts where it is in line with the delivery of the agreed Growth Plans.</p>

## Attachment 3: Definitions

Term	Definition
<b>Act</b>	The <i>Housing Act 2003</i> .
<b>Allowable Expenditure Policy</b>	Means this document published by the department from time to time, and available on the department's website at <a href="http://www.hpw.qld.gov.au">www.hpw.qld.gov.au</a> .
<b>Assessable Income</b>	All general income, including pensions, benefits and allowances, wages and work allowances, and other income sources as nominated by the department from time to time.  See the Community Housing Rent Policy for more detail.
<b>Community Housing Provider</b>	An entity providing or required to provide housing services using funds provided by the Department.
<b>Community Housing Service</b>	A social housing service that is not public housing as defined under the <i>Housing Act 2003</i> .
<b>Funding</b>	Means: <ul style="list-style-type: none"> <li>- assistance in the form of money or other assistance to a funded provider to assist the provider in providing housing services; and</li> <li>- on condition the funded provider is accountable to the chief executive for providing the housing services and the use of the money or other assistance</li> </ul> as defined under the <i>Housing Act 2003</i>
<b>Funding Agreement</b>	An agreement entered into for providing funding to the provider as defined under the <i>Housing Act 2003</i>
<b>Funded Property</b>	Means: <ul style="list-style-type: none"> <li>- a property that the chief executive leases to the funded provider for the provision of housing services</li> <li>- a property that the provider leases using, wholly or partly, using funding or receipts for the housing service</li> </ul> and as further defined under the <i>Housing Regulation 2015</i> .

Term	Definition
<b>Funded Provider</b>	An entity providing, or required to provide housing services using funding provided by the Department as defined under the <i>Housing Act 2003</i> .
<b>Planned Maintenance</b>	For department-owned properties, has the meaning given in the lease between the department and the Community Housing Provider.
<b>Property</b>	The property or premises described in the funding agreement, or, where the context permits, property or premises in relation to which the provider receives funding to deliver a crisis accommodation and/or community housing service, and includes funded property.
<b>Published</b>	Published on the department's website and made available at the department's offices.
<b>Receipts</b>	<p>For a housing service that a funded provider provides means:</p> <ul style="list-style-type: none"> <li>- funding paid to a funded provider by the chief executive; or</li> <li>- an amount, other than funding, that the funded provider receives for providing the housing service (like rent and fees); or</li> <li>- the proceeds of sale of a funded property; or</li> <li>- interest on amounts mentioned above</li> </ul> <p>as defined under the Housing Regulation 2015.</p>
<b>Registered Provider</b>	A housing provider currently registered under the National Regulatory System for Community Housing (NRSCH) for the purpose of delivering Community Housing.
<b>Regulation</b>	The <i>Housing Regulation 2015</i> .
<b>Social Housing Service</b>	The provision of housing to an individual for residential use, other than crisis accommodation as defined under the <i>Housing Act 2003</i>
<b>Surplus</b>	A surplus is any program receipts left over after subtracting allowable expenditure, appropriate provisions for asset management and maintenance or agreed Growth Plan commitments.
<b>Tenancy Pathway Plan</b>	A written agreement between the funded provider and the Eligible Applicant/tenant, detailing identified support requirements, capacity building opportunities, and agreed tenancy goals to improve whole-of-life wellbeing and achieve safe, secure and sustainable housing.

<b>Term</b>	<b>Definition</b>
<b>Tenant</b>	A person named as a tenant under a residential tenancy agreement with the provider for a residential premises that is a funded property.
<b>Unexpended Program Funds</b>	An amount that the Chief Executive paid to the provider under a funding agreement that remains unexpended when the funding agreement is terminated or otherwise ends.

## Attachment 4: References

The requirements set out in this document are based on, and are consistent with, relevant Government legislation, regulations, directives, information standards and/or policies at the time of publication.

Examples are:

### Legislation and regulations

- [Human Rights Act 2019](#)
- [Housing Act 2003](#)
- [Housing Regulation 2015](#)
- [Public Records Act 2002](#)
- [Residential Tenancies and Rooming Accommodation Act 2008](#)
- [Residential Tenancies and Rooming Accommodation Regulation 2009](#)
- [Residential Tenancies and Rooming Accommodation Regulation \(COVID-19 Emergency Response\) 2020](#)

### Department of Housing and Public Works documents

- [Queensland Housing Strategy 2017-2027](#)
- [Allocations Policy for Funded Social Housing Providers](#)
- [Community Housing Program Specification](#)