



South West Inner Sydney
Housing Cooperative Ltd

ANNUAL REPORT 2007



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Housing Co-operative Ltd**
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Thank you

SWISH would like to acknowledge the advice, assistance and support received from the following organisations and individuals during 2006-2007:

- Mallesons Stephen Jaques for pro-bono advice on incorporation options for SWISH.
- goodcompany for linking SWISH with skilled volunteers from the corporate sector. Thank you to Nathan Kraft for support in SWISH's website development, Ryan Keating for assisting in developing a user friendly asset management database and Jana Sokolovskaja of JAS Creations Pty Ltd for design advice.
- Volunteering NSW for providing volunteers to assist with our mailouts.

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For a copy of South West Inner Sydney Housing Cooperative Ltd Annual Report 2007 please contact SWISH on **02 9699 6055** or email **reception@swish.org.au**

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Mission and Values

Mission Statement

To build sustainable communities in the inner metropolitan region through the provision of affordable housing for low to moderate income earners.

Our Values

Professionalism

- Decisions being made honestly and ethically

Customer Focused

- Commitment to service

Efficiency

- Do the basics really well and use best practice business systems

Innovation

- Look to the future and seek to add value

Empathy

- Empathises with position of clients and deliver housing services on a fair and consistent basis

2007 Highlights

Achieved Type 1 Grade A ranking in the NSW Performance Based Registration System. This is the highest possible rating with no or minor concerns for each of the nine performance indicators.

Increased the number of supported housing partnerships by winning two of the two Crisis accommodation tenders with:

- Australian Redcross Young Womens Health Program to assist pre and postnatal young women with housing and support needs.
- Centacare to assist indigenous youth leaving the juvenile justice system or under a community order.

Increased Waverley Affordable Housing program from 18 properties to 23 properties with the management contract with Waverley Council extended for a further year.

Improvement in tenant satisfaction in Tenants Survey 2007.

Surplus increased to \$414K.

Increased the Asset Maintenance Reserve from \$1.4M to \$1.6 M.



SWISH Profile

History

South West Inner Sydney Housing Co-operative Ltd, (SWISH), provides affordable, community based rental housing for people in housing need and on low incomes.

SWISH was established in 1983 and is one of 42 community housing associations operating in NSW. SWISH receives leasehold and operational subsidy funds from the Office of Community Housing, a unit of the NSW Department of Housing. The Office of Community Housing also acts as the regulator of housing associations.

Area of Operation

SWISH's area of operation covers inner city, inner west and the eastern suburbs. We operate across seven local government areas: Sydney City, Marrickville, Leichhardt, Ashfield, Botany, Waverley and Randwick. SWISH aims to secure a mix of long term housing stock in each of the LGAs so as to have a fair distribution of differently sized secure properties across its area of operation.

Properties

SWISH manages 656 properties housing 1300 families.

Our property portfolio includes:

- 288 properties leased from private rental market
- 244 properties leased from the Department of Housing and
- 95 properties managed through our fee for service program on behalf of other organisations.

A further 29 properties are provided through other Department of Housing programs.

- Social Housing Subsidy Program (SHSP). SHSP are targeted to working households, who are generally on higher incomes than tenants in SWISH's general housing program; and
- Home Purchase Assistance.

Fee for Service Program

Our fee for service program consists of properties managed on behalf of:

- Waverley Council, Affordable Housing Program (23)
- Ningana Housing Cooperative (53)
- Aids Council of NSW (6)
- Department of Juvenile Justice (6)
- Settlement (7)

Partnerships

SWISH also provides crisis and supported accommodation in partnership with support agencies to ensure sustainable tenancies for very vulnerable people. This year we won two tenders in partnership with Australian Redcross Young Women Health program and Centacare. This added to our existing partnerships with :

- My Place Initiative for homeless people, our key support agencies are Oasis, Mission Australia, Mathew Talbot Hostel and Mercy Arms.
- THEBA (Young women's service);
- ADAPHT (HIV Aids and complex needs);
- The Marian Centre (women escaping domestic violence);
- Waverley Council (elderly and people with a mild intellectual disability);
- Wyanga Aboriginal Elders Program;
- Stepping Out (Survivors of child sexual assault).
- Centacare Alive (young people);
- Bobby Goldsmith Foundation (HIV Aids);
- Twenty10 (young homeless gay);
- Community Restorative Centre (people exiting prison);
- Department of Juvenile Justice (young people exiting juvenile justice);
- The Mercy Arms (older homeless people).

Governance

SWISH, is registered as a Co-operative under the Co-operatives Act 1992 (NSW). SWISH is managed and controlled by a seven member skills based board.

The SWISH board has skills in finance and accounting, law, asset management/ community housing



management, human resource management/community organisation management and social housing provision.

Directors are elected by Co-op members at the Annual General Meeting. SWISH tenants automatically become members of the Cooperative when they sign a tenancy agreement with SWISH.

Staffing

SWISH employs ten staff led by an Executive Officer, who has responsibility for the strategic and operational management of the organisation.

The staff complement consists:

- Manager Housing Services
- Three Housing Managers
- Property Asset Manager
- Bookkeeper
- Receptionist, and
- Administrative Officer.

Regulatory Environment

SWISH operates in a highly regulated environment. In addition to reporting requirements under the Co-operatives Act 1992 (NSW). The other significant regulatory drivers are:

Performance Based Registration System

SWISH is registered with the Office of Community Housing. OCH introduced the Performance Based Registration System to monitor and regulate the sector. Registration requires housing providers performance is assessed annually, and continually through the provision of quarterly performance reports. Registered housing associations are assessed against 9 key performance indicators.

1. That people seeking community housing are treated fairly and, where appropriate, have access to appropriate support
2. Properties are appropriately used and maintained through clear and effective property and tenancy management practices

3. Housing organisations are innovative and responsive to the needs of tenants and the local community
4. Clear and effective arrangements exist for internal control and transparent decision-making
5. Systems are in place to identify and manage financial and non-financial risks
6. Arrangements are in place to ensure the organisation is accountable to stakeholders

The organisation is a viable business, with adequate recourse to financial resources to meet current and future business and financial commitment

7. Systems are in place to protect public investment in community housing by ensuring that funds received are used efficiently; and
8. Arrangements are in place to ensure funds received are used for the purpose for which they were provided.

In June 2007 SWISH became an A grade Community housing provider, achieving 9 As in the Performance Based Registration System.

Accreditation

SWISH undergoes voluntary Accreditation every three years. Accreditation assesses the quality of our organisational policies, practices and processes. Housing providers are assessed against the seven National Community Housing Standards. These are:

1. Tenancy Management
2. Asset Management
3. Tenants Rights and Participation
4. Working with the Community
5. Governance and organisational management
6. Management Systems
7. Human Resources Management.

SWISH achieved full three year accreditation in 2000, 2003 and will be assessed in 2008.

Chairperson's Report

At last year's AGM I indicated that SWISH would build on the gains made in 2006 and I am pleased to report that SWISH has achieved a Type 1 A grading under the Office of Community Housing's Performance Based Registration System (PBRs). This is recognition of the improvement in the performance of the organisation and its ability to meet the challenges created by a dynamic and competitive external environment.

It is pleasing that that assessment by our external regulator was also reflected by our tenant's assessment of SWISH's performance, through the 2007 Tenants Survey undertaken in May 2007. This year's result showed improved satisfaction on most indicators and reflects the continuous improvement in SWISH's performance and service delivery. This now annual survey is an important tool in monitoring the quality of SWISH's service delivery to our tenants.

The year was certainly busy and dynamic particularly in light of the number of draft policy papers and tenders emanating from the Office of Community Housing. SWISH responded to a number of tenders and policy announcements. We were successful in winning two of our bids in the Crisis Accommodation Program 2006-08 and increasing our partnerships. We have also submitted tender for the debt equity project and if successful this will be the start of SWISH purchasing property in its own right.

The Community Housing Sector is on the cusp of significant change. The Minister of Housing released the draft community housing growth strategy Planning for the Future: Community Housing, in March 2007. This envisages that the community housing sector will grow from 13,000 to 30,000 dwellings over the next ten years and the Government will be focused in establishing larger more professional housing associations to engage in property development and undertake borrowings to increase the supply of affordable housing. These housing associations will be identified through the Growth Provider tender later this year. SWISH is well placed to take advantage of these initiatives. Our Strategic Plan 2006-2009 is closely aligned to the direction sets out in Planning for the Future: Community Housing, SWISH provided a very comprehensive response to the draft and we look

forward to the release of the final version of Planning for the Future: Community Housing.

The new environment means that SWISH will critically look at its internal systems, staffing and its governance arrangement. The current directors are of a view that SWISH needs to change its incorporated status from a cooperative to a non profit company limited by guarantee. The Board believes that this would better position SWISH to take advantage of the new opportunities which will emerge in the new operating environment. This change will ensure that SWISH will deliver on its aim to build sustainable communities in the inner metropolitan region through the provision of affordable housing for low to moderate income earners. The Board will be working through this proposed change with SWISH members through 2007-2008.

I would like to thank and acknowledge Mallesons Stephen Jaques pro-bono legal advice on incorporation options for the SWISH board.

It has been a busy year. We have achieved much and SWISH is on a much firmer foundation to operate in an increasingly more competitive environment. I wish to express my appreciation for the dedication and hard work of SWISH staff and thank my fellow directors who attended the many board and committee meetings over the past year.

Jean Laut
Chairperson

Treasurer's Report

Overview

This financial year SWISH produced a healthy surplus, committed additional funds to meet SWISH's ten year asset maintenance plan and saw continued improvement in financial reporting to the Board.

The Board has, amongst other responsibilities, the responsibility of ensuring the financial viability of SWISH and ensuring its funds are used to further SWISH objectives in the most efficient and effective manner.

Healthy Surplus

I am pleased to report that the 2006/2007 surplus is \$414,870 including \$206,946 in SEPP 10 contributions

This increased SWISH's total equity from \$2,863,225 to \$3,278,125. Equity is the amount of funds we have available to assist with our future activities.

Maintaining Properties

The Board is very conscious of its responsibilities to ensure SWISH's capital properties are well maintained. To do this we developed SWISH's *Asset Maintenance Plan 2005-2014*. This ten year plan allows SWISH to plan for and determine the costs of maintaining our capital properties.

To meet these future commitments SWISH has built a substantial maintenance reserve of \$1.42m. The SWISH board approved a further \$180,000 from the operational surplus be transferred to the reserve, bringing it to a total of \$1.6m

Growing Independent Sources of Funds

Of the surplus noted above, \$206,946 was generated from SEPP 10 Contributions made to the Co-operative under *State Environmental Planning Policy No 10. Retention of Low Cost Rental Accommodation*. SWISH has collected \$600,000 in developer contributions to mitigate for the loss of low income housing during the development process. These funds are reserved for specific purposes and are not available to meet the general operating costs of the Co-operative. SWISH expects to grow this pool of funds and use

it to develop/build new affordable housing when circumstances allow.

Improving Internal systems

This year saw further improvements in the financial reporting and monitoring, and the more efficient use of our cash flow to generate interest income. This increased from \$95,000 to \$125,000 in 2006/2007

We have made savings in workers compensation premiums reducing these from 4.3% to .073% a saving of \$18,000 in 06/07 by successfully arguing for a change in our designation

We have further streamlined our payment system through the introduction of electronic payment system which has reduced processing and administration expenses. By reducing costs and increasing our income we are in a better position to direct more resources to providing better service delivery to SWISH tenants.

Our primary source of external funding continues to be the Office of Community Housing. and we acknowledge their assistance for the funds they provide for leasehold and management subsidies.

Martin Baird

Treasurer

Executive Officer's Report

Overview

2006 has proved to be a very significant year for SWISH as it continued to improve its performance and service delivery and respond to the new environment laid out in "Planning for the Future: Community Housing.

The significant milestones include

- Achieving Type 1 A grade Housing Association under the Performance based registration system
- Increasing our supported housing program through winning our two bids under the Crisis Accommodation Program in partnership with Australian Red Cross and Centacare. In partnership with Australian Redcross we will provide accommodation to pre and post natal young women. In partnership with Centacare we will provide accommodation to young indigenous people leaving the juvenile justice system. This augments our existing partnership with Centacare through the JTAP program.

Responding to a number of key policy areas which included:

- Response to the Redfern Waterloo Authority Affordable Housing Contribution Plan 2006 in February 2007
- Community Housing Leasing Program Funding Methodology Review in June 2007
- Planning for the Future, Community Housing, a five year strategy for growth and sustainability in June 2007

As noted in the Chairpersons report the Planning for the Future signal a change in the approach of government to the delivery of Community housing. The NSW government will appoint a number of growth providers through a tender process to be held in late 2007 the focus is on growing larger housing associations with the infrastructure to be able to manage more housing and take on property development and financing responsibilities. SWISH will be an active participant in this new environment and an important challenge in this environment is balancing our community focus while growing to increase our capacity to provide more housing services and assistance.

An important part of being prepared for the future is to ensure that we have solid foundations in place. Achieving an Type 1 A Grade registration is one important foundation This reflects that SWISH is

organisationally and financially robust. The other important foundation is our capacity to provide sensitive and efficient services to our tenants and applicants.

Our now annual Tenant Survey provides invaluable feedback from our tenants on how well SWISH is performing. By identifying our strengths and weakness in our service delivery it leads to further service improvement. It therefore pleasing to report that we received a 30% response rate to the 2007 Tenants Survey and it showed a significant improvement over our 2006 results.:

- 96% believe our staff are helpful, professional and understanding
- 93% indicated that their queries are dealt with effectively
- 92% believe that SWISH respects their background and culture and more information is provided in community languages.

Awareness of policies has increased with

- 70% awareness of appeals and complaints policy compared with 40% in 2006
- 80% awareness of Rent Calculation compared to 60% in 2006.

Forty six percent of SWISH tenants are non-english speaking and speak over 35 languages, with Vietnamese and Chinese predominating. This year we introduced a six language information block on the reverse of all major letters to improve access to assist in communicating with our tenants and increasing access to the Telephone Interpreters Service. We have translated our Appeals and Complaints Policy into Vietnamese.

Expanding housing activities

SWISH seeks to be innovative in growing its housing activities. Through the Waverley Affordable Housing Program we increased the number houses under management to 23 up from the original four units in January 2005. We will be seeking further affordable housing management opportunities through our 2007-2008.

SWISH has increased its level of SEPP 10 contributions received \$600,000, with further funds in the pipeline. We hope to leverage these funds in the future for housing acquisition, particularly in light of the proposed

debt equity program in the Centre for Affordable Housing. This year we commenced discussions with councils in the inner metropolitan region area to explore the use of SEPP10 funds in developing affordable housing partnerships.

Thank You

SWISH achievement is due to a team effort and I wish to acknowledge my staff team for their individual contributions to achieving a very successful year and the positive difference they have made to the lives of many people who have been assisted by SWISH this year.

I would also like to thank Volunteering NSW for the provision of support, goodcompany which provides an invaluable service in matching NGO needs with expertise from the corporate. This year goodcompany helped SWISH make contact with Nathan Kraft to develop our website, Ryan Keating to develop a user friendly asset management database and Jana Sokolovskaja of JAS Creations Pty Ltd to assist us with design. I want to thank all for their voluntary contribution of their time and expertise.

Lastly and not least I want to thank the SWISH directors for their support over the year.

John Nicolades
Executive Officer



Governance

Role of the Board

SWISH Board of Directors is responsible for the corporate governance of SWISH. It establishes the principles by which both the board and management must operate to ensure that the business of the SWISH is carried out for the best interest of members with the appropriate balance of responsibilities between the board and management.

The Board is responsible for developing SWISH's strategy direction, which it develops through a triennial strategic plan and operationalise through an annual business plan. The Executive Officer is delegated with the responsibility of ensuring these plans are implemented.

Board responsibilities also include:

- Overseeing the policies and performance of SWISH
- Reviewing the appointment and remuneration of the Executive Officer and the remuneration policy of SWISH
- Approving any capital expenditure over \$5,000, acquisitions of property, funding agreements and oversees the audit and compliance functions of SWISH.

The board undertakes these duties in compliance with law, regulation and any contractual obligations.

Ethics

SWISH board adheres to the highest ethical principles and these are expressed in the :

- Code of Ethics for Directors and Staff
- Code of Conduct for Directors
- Managing Conflict of Interest Policy and a Register of Interests.

All directors must sign these statements upon becoming a Director.

The SWISH Code of Conduct for Directors requires

- Board members must act in the interest of the SWISH at all times and in all decisions made.
- Board members must carry out their role on the Board in accordance with the SWISH's policies and procedures.

- In approving expenditures or financial reports, Board members must be aware of the implications of their decision on the financial viability of SWISH.
- Board members should not use any information obtained in the course of their participation as a board member for personal gain or benefit, nor should they pass it on to others who might use it in such a way.
- Board members must ensure that their private or personal interests do not influence their decisions on board, and that they do not use their position on board to obtain personal gain of any sort, either for themselves directly, or family, friends or associates.
- Board members should not place themselves under any obligation that might influence, or be perceived to influence, the conduct of their duties.

Board Composition

SWISH board consists of seven non executive Directors.

The Directors are elected on the basis of skills in the following areas:

- Financial Management
- Law
- Housing Asset Management/Housing Management
- Human Resource Management/Community Organisation Management
- Social Housing Provision

Two directors must stand down every year at each annual general meeting but are eligible for renomination and re-election. Directors must stand down after four years but are eligible for renomination and re-election. No director can serve for more than eight consecutive years.

In the event of any vacancies the Board has the power to fill the vacancy until the next AGM.

The Executive Officer is not a member of the Board but is invited to attend Board meetings.

Board Members

Jean Laut BSc (Psychology), Grad Dip Aboriginal Studies, CAHRI, AAPS, AIMM, WTA, JP

Chairman

Director since 2002 Re-elected 2006

Chairman 2003

Skill Area: Human Resources.

Jean has been in human resources for over 17 years and with the last 8 years as a human resource management consultant in his HR management consultancy company Augmentia Group. His expertise is in helping organisations develop true organisational value

Martin Baird B Bus FCPA FCIS GAICD

Treasurer

Director since 2002 Re-elected 2006

Skill Area: Finance and Human Resources

Convenor Finance Subcommittee

Martin is the Managing Director of Cap Coatings Pty Limited – a supplier of passive fire protection products. He is a Certified Practising Accountant, Chartered Company Secretary and a graduate of the Australian Institute of Company Directors. Martin is a State Councillor of Chartered Secretaries Australia and a Director of Worldskills Australia. Prior to joining Cap Coatings, Martin held senior roles in large private sector and publicly listed companies.

Andrew Penfold, Bachelor of Laws (Hons)

Director since 2005

Skill Area: Law

Andrew Penfold holds a Bachelor of Laws (Hons) degree and is a former Solicitor and Investment Banker. He worked in law for approximately 10 years in Sydney and London and Hong Kong and Investment Banking in Hong Kong for 8 years. Andrew is currently Chairman of the St Joseph's College Indigenous Fund, a Director of South West Inner Sydney Housing Co-operative Limited, a director of Telstra Stadium Club Limited, Homebush, a Founding Member of the Independent Schools Indigenous Education Network, a Trustee and Secretary of the Hong Kong Rugby Bali Fund, a Director of St Joseph's College Foundation Limited, a Member of The Australian Institute of Company Directors.

Helen Wood, BSc (Hons) Psychology,

Member of the Royal Institution of Chartered Surveyors (MRICS)

Director since 2002 Re-elected in 2005

Skill Area: Social housing from the perspective of a provider

Helen is a chartered surveyor who has 25 years experience as a property professional specialising in social, affordable and aged housing including low-cost home ownership in the UK and NSW. She was CEO of a charitable Housing Association in Central London for 9 years working in a framework which used substantial private sector borrowings

Since coming to Australia in 1998 she has carried out housing and development consultancy and other advisory work. Clients included Dept of Housing; Office of Community Housing; Federation of Housing Associations; City of Sydney Council; Newcastle City Council, Ashfield Council. Most recently she has worked in the aged-care sector developing aged care and seniors housing options. She is currently Manager- Development for UnitingCare Ageing.

John Dunn ACA MAICD

Director since 2005

Skill Area: Finance

John is a Chartered Accountant by profession, a member of the Institute of Company Directors and has held a number of senior executive roles including Managing Director of an ASX listed public company.

Vicki Allen B Bus MBA DFP

Director since 2007

Skill Area: Human Resources

Vicki is the Executive General Manager, Institutional Services at Trust Company Limited. She is currently Chair of Trust Company Superannuation Services Limited and Director of Trust Company International as well as a number of other unlisted group companies. Prior to joining Trust, Ms Allen worked at Lend Lease Corporation and National Australia Bank in a number of senior roles.

Gary Milligan, B. Sc., B. E. (Electrical) (Hons 1), (Sydney), **Grad. Cert. Human Resource Development** (Canberra), **MIVMA**

Board member 2007

Skill Area: Asset Management

Gary Milligan is a professional engineer with over 35 years experience in procurement and asset management of government buildings including schools, technical colleges, hospitals, courts, correctional centres, police stations, housing and other public buildings. He has contributed to all aspects of procurement and asset management processes, covering policy development, investigation, design and documentation, construction and maintenance management and project and policy review.

Previously, Gary has served as a Director of several housing service organisations: The Station, Resamen and Marrickville Area Community Housing. In 2007, he completed the AICD Company Directors course. Gary is member of the Institute of Value Management, Australia. He retired from the public sector in 2006.

Directors Attendance at Board Meetings July 2006 to June 2007

| | Attended | Meetings |
|----------------|----------|----------|
| Jean Laut | 11 | 11 |
| Martin Baird | 9 | 11 |
| Paul Pryor* | 1 | 1 |
| John Dunn | 7 | 11 |
| Andrew Penfold | 7 | 11 |
| Helen Wood | 11 | 11 |
| Vicki Allen+ | 4 | 5 |
| Garry Miligan+ | 4 | 5 |

* Resigned December 2006

+ Appointed February 2007



Left to right: Vicki Allen, Helen Wood, Martin Baird, Jean Laut, Andrew Penfold, Garry Milligan, John Dunn

SWISH Staff



John Nicolades

Executive Officer
Bachelor of Arts, Bachelor Social Work
Graduate Diploma in Applied Finance and Investment (FINSIA).

John has worked in the housing and community services sector for the 20 years. John was latterly with the Department of Housing as Director of the Centre for Affordable Housing, and was inaugural director of Affordable Housing Service in the NSW Dept of Planning in 1999. Previously, John held various strategic and operational positions including Community Services Manager at the Uniting Church Board for Social Responsibility, housing policy coordinator with Australian Council of Social Service and Housing Policy Officer with Shelter NSW. He has been on a number of federal and state government committees on housing policy.

Prior to joining SWISH in 2005, John undertook consultancy work on affordable housing for the NSW Department of Planning and NSW local governments whilst completing his Diploma of Applied Finance.

John is a Greek speaker and committed to using his skills and experience to build SWISH into a pre-eminent provider of affordable housing.



Kathy Wight

Manager Housing Services
Bachelor of Arts

Kathy Wight has considerable housing a management experience with one of the largest social housing providers in the UK- Notting Hill Housing Trust. She who worked in social housing in the UK for 20 years. After returning to Australia she spent three years working for Lower North Shore Community Housing. Kathy joined SWISH in November 2004. Kathy leads a housing management team of three and is dedicated to improving services to tenants and the community



Angela Har

Book keeper
Advanced Diploma in Accounting

Angela has worked in the non profit and private sector for 11 years in booking keeping and financial management. She has worked for Australian Council for Rehabilitation of the Disabled (ACROD) and more recently for the Domain Real Estate Group as Group

Hailing from Shanghai Angela speaks fluent Mandarin and Cantonese.



John Plater

Property Asset Manager
Bachelor of Science Building Surveying
MA Building Rehabilitation Studies.

John has considerable experience in asset management and maintenance and has lectured in this field. He has worked for the Civil Engineering Department London Transport, also for building consultancy and project management firms in the UK before establishing his own consultancy business, where he also undertook work for housing associations

Since arriving in Australia in July 2005, John has undertaken over 300 property inspections for the NSW Department of Housing, prior to joining SWISH.

John is committed to improving SWISH asset maintenance to ensure that both current and future tenants benefit from well maintained properties.

Staff Complement

Housing Managers Davina Lomas
 Jackie Sailor
 Lucille Bernard
 Rebecca Mullins (to October 2006)

Receptionist Louise Ahmat

Administrative Officers Maree Clancy and Gemma Doherty



SWISH Staff (L-R): John Plater, Lucille Bernard , Louise Ahmat, Maree Clancy, John Nicolades, Gemma Doherty, Kathy Wight, Davina Lomas and Jackie Sailer. (Angela Har absent)

Partnerships

Support Partners

SWISH works with a wide range of partner agencies providing support to tenants. SWISH has formal partnerships with 19 organisations providing support to tenants and applicants.

We have formal support agreements with following agencies:

- THEBA Young Womens Service
- ADHPT (Formerly AIDS Dementia & HIV Psychiatry Team)
- Aids Council of NSW (ACON)
- Bobby Goldsmith Foundation (BGF)
- Centacare (Alive Program)
- Community Restorative Centre (CRC)
- Independant Community Living Association
- Inner City Homeless Outreach and Support Service
- Marian Centre (St Vincent De Paul)
- Oasis
- Mathew Talbot Hostel
- The Mercy Arms
- Stepping Out
- Twenty 10
- Wyanga Aboriginal Aged Care Program
- Wesley Mission
- The Mercy Arms
- Australian Redcross Young Womens Health Program

Below are three examples of how SWISH works with its support partners

The Mercy Arms

The Mercy Arms, is a non-government organisation based in Waterloo, provides assistance with care and housing for older people in the inner-city area of Sydney.

“For more than five years Mercy Arms has had a partnership agreement with SWISH to provide housing and support for homeless men and women. SWISH has been a very important part of enabling older people move out of homelessness and into secure, quality housing. Many people housed under our agreement have never previously been able to sustain a tenancy, and the staffs of

SWISH are always professional in their response to any housing issue.”

Ruth Melville

Coordinator

Assistance with Care and Housing for the Aged

Community Restorative Centre (CRC)

CRC Accommodation Service provides supported housing for men and women exiting jail. Making the transition from life in the prison system to living in the community can often be extremely challenging with many barriers to overcome. Additionally, as statistics make clear, many of our clients are likely suffer from a mental illness, have drug or alcohol problems, poor education and literacy levels and lack social skills. CRC assists this group of marginalised people, not only to obtain accommodation and address the issues that have a negative impact on their lives, but also to support them through the often lengthy process of reintegration to the community.

“SWISH provides an excellent service to this extremely disadvantaged client group who are often excluded from services all together. SWISH offers exceptional property and tenancy management, which provides clients/tenants with the highest standard of living and often the first community inclusion they have ever experienced. This in turn enables clients to feel a sense of pride and appreciation, which encourages rehabilitation and therefore reduces the likelihood of recidivism. Ultimately, through crime reduction, this benefits the whole community”

Julia Davis

Accommodation Service Coordinator

ALIVE (Adolescents Living Independently via Empowerment)

Centacare Catholic Community Services, Sydney’s ALIVE (Adolescents Living Independently via Empowerment) Program’s two partnerships with SWISH have been of great benefit for the young people we work with.

“All of our young people have been homeless or at risk of homelessness and most have high complex needs; SWISH provides the opportunity and access for nominated ALIVE and JTAP (Joint Tenancy Accommodation Program) Clients to be housed in

affordable, stable accommodation. This does allow these young people to really pursue their goals, build networks and support in a community. SWISH's assistance, flexibility and professionalism has been of great value to the ALIVE staff and clients"

Bron Parker

Manager
Alive Program

To do this well, Council has been able to rely on SWISH to provide good tenancy management, an understanding of the aims of the program and a professional approach."

Maree Girdler

Manager
Integrated Planning and Community Consultation

Fee for Service Partnerships

We provide Tenancy and Property management services on a Fee for Service for the following organisations

- Waverley Council
- Aids Council of NSW
- Joint Tenancy Accommodation Program
- Havenco Housing Cooperative
- Ningana housing Cooperative
- Settlement

Waverley Council and the Aids Council of New South Wales provide examples of the range of work SWISH undertakes through its Fee for Service program

Waverley Council

"Waverley Council is committed to providing a range of housing choices for Waverley residents or those who can demonstrate a connection to the local area. Services include an affordable housing program, our social housing program for older residents and accommodation for people with a mild intellectual disability. Our affordable housing program is growing with the private sector delivering properties in new developments for low to middle income people. This is an innovative program which was developed from a belief that people in Waverley should be able to remain in the local area despite significant social change. Housing provided is of the highest quality and yet still affordable. Council is in a unique position in providing this kind of service."

Aids Council of NSW

ACON and SWISH have been working in partnership for over five years to meet the transitional housing needs of people living with HIV/AIDS.

"The success of this partnership is the result of each party's clearly-defined responsibilities, the strong working relationships between staff and the shared goal of supporting communities at risk of homelessness. In 2006-2007 SWISH provided property and tenancy management services to 17 people within ACON stock. The strength of the partnership is demonstrated by the signing of a new Management Agency Agreement 2006-09 that includes the provision of very short-term leases to gay, lesbian, bisexual and transgender people within available SWISH stock. This is a new area of work for ACON and we're excited and reassured by SWISH's involvement"

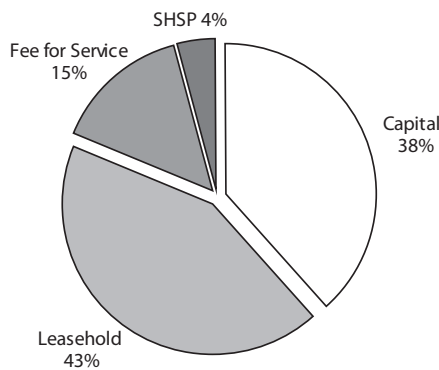
Lance Schema

Manager/Community Services,
Aids Council of NSW

Statistics

Properties

Properties by Program – June 2007



SWISH manages a total of 656 properties.

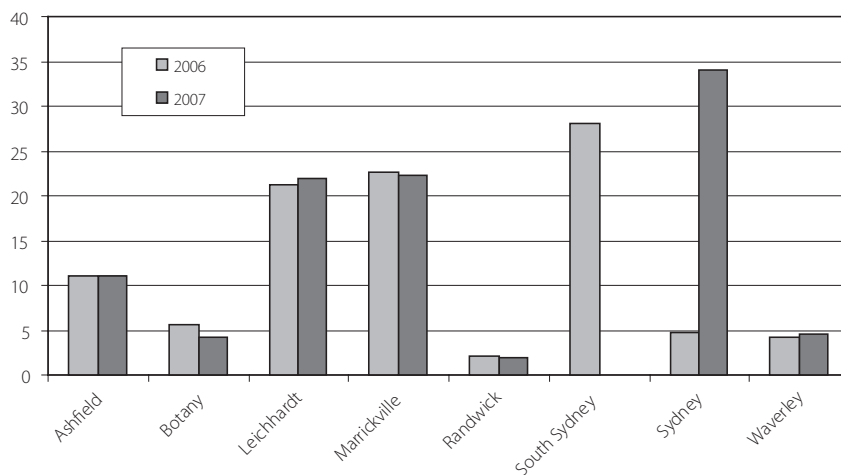
Leasehold properties are leased from the private market.

Capital properties are owned by SWISH.

Fee for Service. These properties are managed by SWISH on behalf of other organisations for a fee.

Social Housing Subsidy Program. These are owned by SWISH, some units are targeted to households on moderate incomes who are ineligible for public housing.

Properties By LGA – June 2007

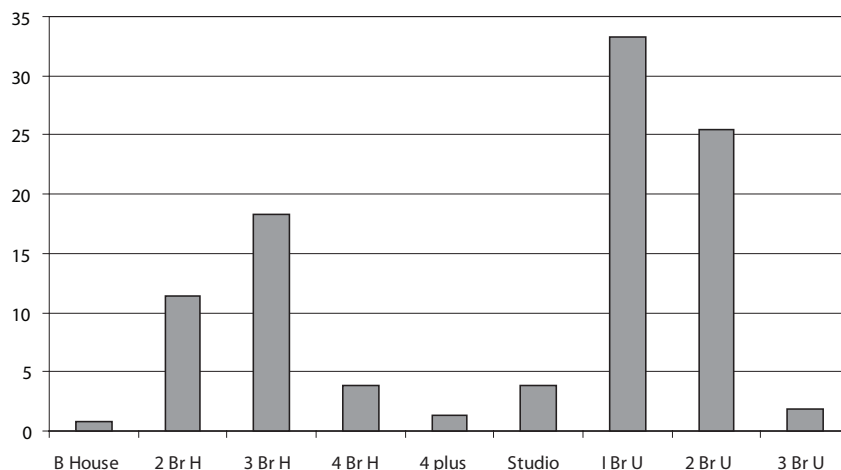


SWISH's properties are predominately located in the inner west and inner city. With fewer properties in the eastern suburbs.

There are no significant changes in portfolio by LGA between 2006 and 2007.

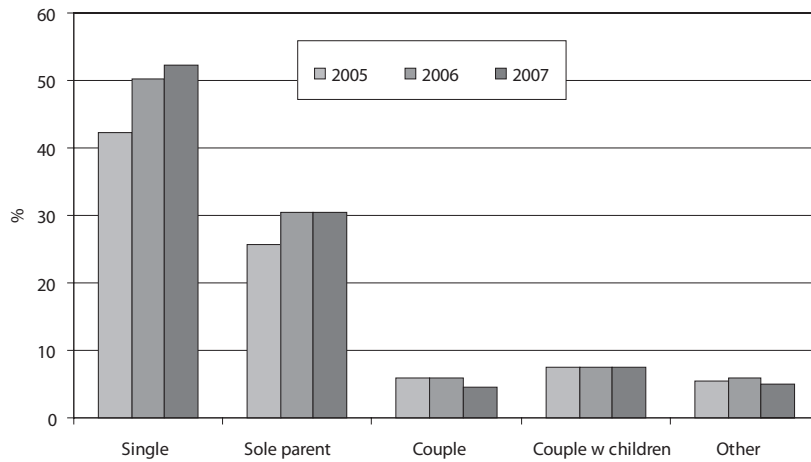
The increase in properties in the City of Sydney is due to the amalgamation of Sydney and South Sydney Councils. We have a diverse property portfolio detached and semi detached dwellings, 2 and three storey walk ups, four storey apartment blocks.

Properties by Bedroom Size – June 2007



SWISH's properties are predominately 1 and 2 bedroom units, with a smaller number of 2 and 3 bedroom houses

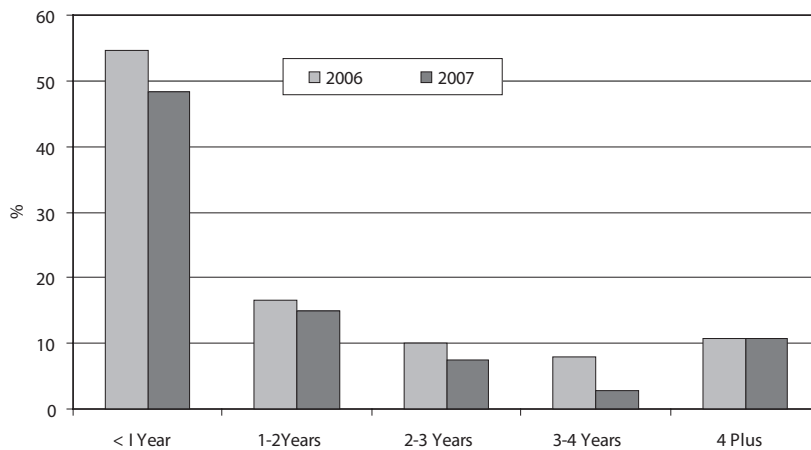
Tenant Household Types – June 2007



This is reflected in the Household types the majority of households are single people, followed by sole parents. Couples with/out children constitute a lower percentage of households. Single person households have increased as percentage of all I households since 2005.

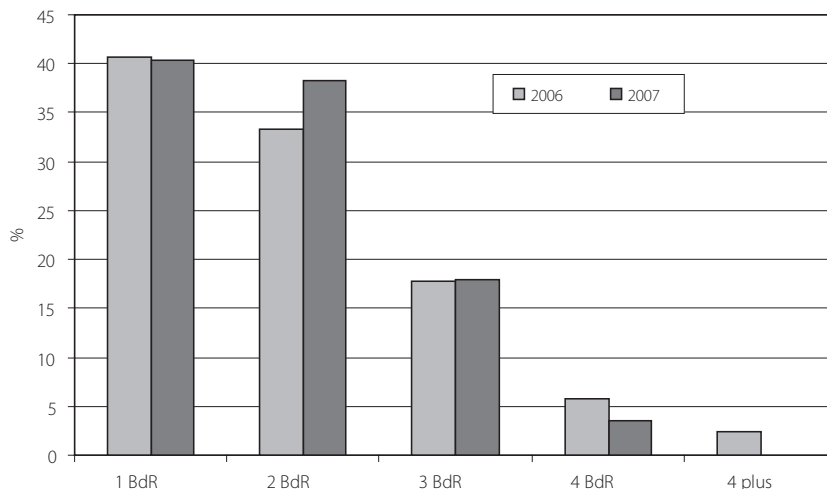
Applicants

Time on Waiting List – June 2007



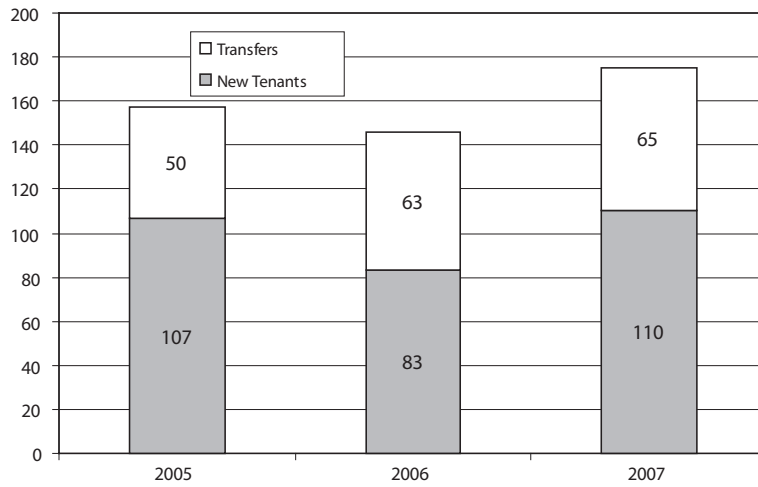
SWISH undertakes annual review of its waiting list to ensure all applicants are current and reflects real demand for housing. The 2007 review reduced the waiting list from 399 to 199 households. Most applicants have been on the waiting list for two year or less.

Applicant Bedroom Demand – October 2007



Current applicant demand matches the existing demand for one and two bedroom dwellings.

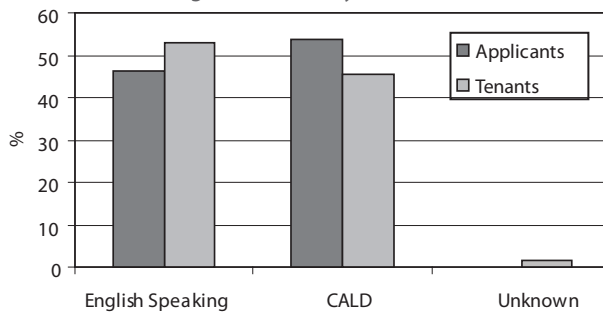
New Tenancies and Transfers – June 2007



SWISH housed 110 applicants households from the waiting list in 2006-2007 and transferred 65 existing tenants to other housing within SWISH. Internal transfers assists in freeing up existing stock for waiting list applicants.

Language and Cultural Identity

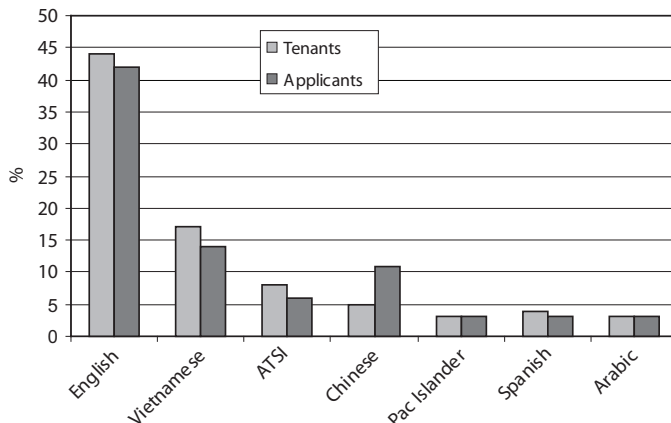
Cultural and Linguistic Diversity – June 2007



SWISH has a high level of cultural and linguistic diversity (CALD) amongst its tenants (45%) and applicants (54%).

SWISH CALD households speak 35 languages

Language/Cultural Identification – June 2007



Vietnamese and Chinese speakers form the largest number of tenant and applicant CALD households.

Aboriginal and Torres Strait Islander households constitute 8% of tenants and 6% of applicants.

There is a larger percentage of Chinese and Arabic speaking applicants than current tenants.

Financial Report

For period ended 30 June 2007

SOUTH WEST INNER SYDNEY HOUSING CO-OPERATIVE LIMITED

DIRECTOR'S REPORT

The Directors of South West Inner Sydney Housing Co-operative Limited present their report and the audited financial statements for the financial year ended the 30th June 2007

- (a) The names and particulars of the Directors during or since the end of the financial year are:

| NAME: | EXPERIENCE: |
|----------------------------------|----------------------------|
| Martin Baird | Accountant |
| John Dunn | Finance |
| Jean Laut | Human Resources Consultant |
| Gary Milligan (appointed Feb 07) | Asset Management |
| Vicki Allen (appointed Feb 07) | Human Resources/Finance |
| Andrew Penfold | Law and Finance |
| Helen Wood | Housing Consultant |
| Paul Pryor (resigned Dec 2006) | Law |

- (b) No Director holds any interest, whether directly or indirectly, in a contract or proposed contract with the Co-operative.
- (c) The principal activity of the Co-operative in the course of the financial year was the provision of the services to the local community in particular in regards to housing. There was no significant change in the nature of this activity during the financial year.
- (d) Operations of the year resulted in a surplus of \$414,870. No income tax was appropriate as the Co-operative is tax exempt.
- (e) The constitution of the Co-operative prohibits the payment or distribution of the assets or income of the Co-operative by the way of dividend or bonus to the members of the Co-operative. Accordingly, no dividend has been paid or declared since the end of the previous financial year.

Financial Report

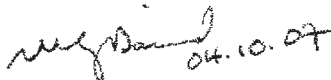
continued

For period ended 30 June 2007

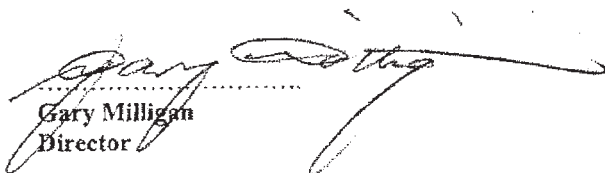
SOUTH WEST INNER SYDNEY HOUSING CO-OPERATIVE LIMITED

- (f) There were a number of significant changes to the organisation of SWISH in the last financial year.
- SWISH achieved an A Grading the Office of Community Housing's Performance Based Registration System in 2007
 - We increased the Asset Maintenance Reserve from \$1.4M to \$1.6 M
 - SWISH established a property development reserve of \$480,000 for the purposes of purchasing or construction of affordable housing
 - We collected \$206,946 in SEPP10 Contributions.
- (g) No matter or circumstances has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Co-operative, the results of those operations or the state of affairs of the Co-operative in subsequent financial years.
- (h) The Co-operative will continue to provide quality cost-effective assistance To the local community in particular in regard to the provision of housing.
- (i) Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or received as the fixed salary of a full-time employee of the Co-operative) by reason of a contract made by the Co-operative or by a related corporation with the Director or with a firm of which the Director is a member or with a corporation in which a Director has a substantial financial interest.

Signed at Sydney this ^{4th} day of OCTOBER 2007 in accordance with a resolution of the Directors.


04.10.07

Martin Baird
Director



Gary Milligan
Director

Financial Report

continued

For period ended 30 June 2007

SOUTH WEST INNER SYDNEY HOUSING CO-OPERATIVE LIMITED

South West Inner Sydney Housing Co-operative Ltd

Directors Declaration

In the opinion of Directors:

- (a) The financial statements comply with accounting standards
- (b) The financial statements give a true and fair view of the financial position as at 30th June 2007 and the profit of the Co-operative for the year ended on that date.
- (c) The financial statements are in accordance with the Co-operative Act 1992.
- (d) There are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due.

Signed at Sydney this ^{14th} day of OCTOBER 2007 in accordance with a resolution of the Directors.

Martin Baird
04.10.07

.....
Martin Baird
Director

Gary Milligan
.....
Gary Milligan
Director

Financial Report

continued

For period ended 30 June 2007

INCOME STATEMENT

FORTHE YEAR ENDED 30 JUNE 2007

| | Notes | 2007 \$ | 2006 \$ |
|--|-------|-----------------------|-----------------------|
| Revenue – Rental Income | | 3,129,442 | 2,751,968 |
| Government Grants | 3 | 3,432,037 | 3,086,914 |
| SEPP 10 Developer Contributions | 4 | 206,946 | 158,072 |
| Other Income | 2 | 259,731 | 235,403 |
| Tenancy and Property Management Expenses | 5 | (5,843,397) | (5,246,623) |
| Administration Expenses | 5 | <u>(769,889)</u> | <u>(685,536)</u> |
| Profit attributable to members | | <u>414,870</u> | <u>300,198</u> |

The accompanying notes form part of these financial statements.

Financial Report

continued

For period ended 30 June 2007

BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2007

| | Notes | 2007 \$ | 2006 \$ |
|----------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 2,759,683 | 2,487,569 |
| Trade and other receivables | 8 | 652,806 | 427,803 |
| Total current assets | | 3,412,489 | 2,915,372 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 41,513 | 21,591 |
| Investment Properties | 10 | 200,000 | 200,000 |
| Total non-current assets | | 241,513 | 221,591 |
| Total assets | | 3,654,002 | 3,136,963 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 351,318 | 259,004 |
| Provisions | 12 | 24,559 | 14,704 |
| Total current liabilities | | 375,877 | 273,708 |
| Total liabilities | | 375,877 | 273,708 |
| Net assets | | 3,278,125 | 2,863,255 |
| EQUITY | | | |
| Reserves | 13 | 2,952,015 | 1,686,304 |
| Retained earnings | 13 | 326,110 | 1,176,951 |
| Total equity | | 3,278,125 | 2,863,255 |

The accompanying notes form part of these financial statements.

Financial Report

continued

For period ended 30 June 2007

CASH FLOW STATEMENTS

FORTHE YEAR ENDED 30 JUNE 2007

| | Notes | 2007 \$ | 2006 \$ |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 6,444,684 | 5,960,270 |
| SEPP 10 Developer Contributions | | 206,946 | 158,072 |
| Cash paid to suppliers and employees | | (6,475,978) | (5,659,931) |
| Interest received | | <u>125,310</u> | <u>95,769</u> |
| Net cash inflow from operating activities | 14 | 300,962 | 554,180 |
| Cash flows from investing activities | | | |
| Proceeds-sales of property, plant and equipment | | 4,641 | - |
| Purchase of property, plant and equipment | | <u>(33,489)</u> | <u>(2,231)</u> |
| Net cash outflow from investing activities | | <u>(28,848)</u> | <u>(2,231)</u> |
| Net increase in cash and cash equivalents | | 272,114 | 551,949 |
| Cash and cash equivalents at beginning of period | | <u>2,487,569</u> | <u>1,935,620</u> |
| Cash and cash equivalents at end of the year | 7 | <u>2,759,683</u> | <u>2,487,569</u> |

The accompanying notes form part of these financial statements.

Financial Report

For period ended 30 June 2007

continued

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

| | Note | Retained Earnings \$ | Reserves | Total Equity \$ |
|--------------------------------|------|-------------------------|-----------|--------------------|
| Balance at 1 July 2005 | | 1,256,753 | 1,306,304 | 2,563,057 |
| Profit attributable to members | | 300,198 | – | 300,198 |
| Transfer to/from reserves | | (380,000) | 380,000 | – |
| Sub-total | | 1,176,951 | 1,686,304 | 2,863,255 |
| Balance at 30 June 2006 | 13 | 1,176,951 | 1,686,304 | 2,863,255 |
| Profit attributable to members | | 414,870 | – | 414,870 |
| Transfer to/from reserves | | (1,265,711) | 1,265,711 | – |
| Sub-total | | 326,110 | 2,952,015 | 3,278,125 |
| Balance at 30 June 2007 | 13 | 326,110 | 2,952,015 | 3,278,125 |

The accompanying notes form part of these financial statements.

Financial Report

continued

For period ended 30 June 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report has also been prepared on a historical cost basis and does not reflect changes in the purchasing power of money.

The concept of accrual accounting has been adopted in the preparation of the financial report.

Compliance with Australian equivalents to International Financial Reporting Standards (AIFRS) ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(b) Revenue Recognition

Rendering of Services

Revenue from Fees Received for Services is recognised when the service is provided.

Interest

Revenue is recognised as interest is earned.

Rental Income

Rental income is recognised as income in the periods when they are earned.

Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the co-operative will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

SEPP 10 Contributions

Developer contributions of \$206,946 (2007): \$158,072 (2005) were generated through State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation. These are generated through Developer Contributions to mitigate for the loss of low income housing. SWISH collects these funds for the purposes of purchasing or constructing accommodation for low to moderate income households eligible under State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation.

(c) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities 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 and bank overdrafts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectibility of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the co-operative will not be able to collect all amounts due according to the original terms.

(e) Fair Values

The fair value of trade receivables and payables is their nominal value less estimated credit adjustments.

(f) Plant and Equipment

Plant and equipment is recognised at historic cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments. In 2004, a fixed asset register was not maintained by the co-operative, a fixed asset stocktake had been performed identifying all assets owned and utilised by the co-operative. These assets had been capitalised at their replacement cost amount and a full years depreciation was charged. All additions in 2007 were recognised at cost in the fixed asset register.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Furniture, fittings and equipment 5 years
- Motor Vehicles 5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is derecognised.

(g) Investment Property

Investment property is initially measured at cost. Subsequent to initial recognition, investment properties are carried at fair value, representing market conditions at balance sheet date. Gains or losses arising from changes in fair values of investment properties are included in the income statement as part of other income in the year in which they arise.

(h) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the co-operative prior to the year end and which are unpaid.

(i) Employee Benefit Provisions

Annual Leave owing at balance date is provided for all staff at current wage rates.

No provision is made for sick leave entitlements.

Long service leave entitlements are provided only for staff exceeding five years in employment with the co-operative.

(j) Tax Exemption

The co-operative is exempt from income tax as it is endorsed as an income tax exempt charity.

Financial Report

continued

For period ended 30 June 2007

NOTE 2: OTHER REVENUE

| | 2007 | 2006 |
|------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Fees Received - Services | 112,494 | 124,157 |
| Interest | 125,310 | 95,769 |
| Profit on Disposal of Assets | 4,641 | - |
| Miscellaneous Income | <u>17,286</u> | <u>15,477</u> |
| Total other revenue | <u>259,731</u> | <u>235,403</u> |

NOTE 3: GOVERNMENT GRANTS

| | 2007 | 2006 |
|---------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Government grants | <u>3,432,037</u> | <u>3,086,914</u> |
| Total Other Income | <u>3,432,037</u> | <u>3,086,914</u> |

Government grants

Government grants of \$3,432,037 (2007): \$3,086,914 (2006) were recognised by the co-operative during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants. The co-operative did not benefit directly from any other forms of government assistance.

NOTE 4: SEPP 10 Developer Contributions

| | 2007 | 2006 |
|---------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| SEPP 10 Developer Contributions | <u>206,946</u> | <u>158,072</u> |
| Total | <u>206,946</u> | <u>158,072</u> |

SEPP 10 Developer Contributions

Developer contributions of \$206,946 (2007): \$158,072 (2005) were generated through State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation. These are generated through Developer Contributions to mitigate for the loss of low income housing. SWISH collects these funds for the purposes of purchasing or constructing accommodation for low to moderate income households eligible under State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation.

Financial Report

continued

For period ended 30 June 2007

NOTE 5: EXPENSE

| | 2007 | 2006 |
|---|------------------|------------------|
| | \$ | \$ |
| Tenancy and Property Management Expenses | | |
| Rent Paid | 4,523,616 | 4,033,786 |
| Provision for Doubtful Debts | 21,572 | 34,025 |
| Insurances | 110,074 | 78,864 |
| Rates and Utility Charges | 402,614 | 316,986 |
| Repairs and Maintenance | 453,437 | 507,262 |
| Other | 332,084 | 275,700 |
| | <u>5,843,397</u> | <u>5,246,623</u> |
| Administration Expenses | | |
| Salaries, Fees and On Costs | 545,990 | 471,797 |
| Office Rent | 60,775 | 58,437 |
| Office Expenses | 64,505 | 50,100 |
| Audit and Accounting Services | 36,530 | 30,040 |
| Depreciation | 13,567 | 24,096 |
| Loss on Disposal of Assets | – | 420 |
| Other Expenses | 41,756 | 45,669 |
| Legal Fees | 6,766 | 4,977 |
| | <u>769,889</u> | <u>685,536</u> |

NOTE 6: AUDITOR'S REMUNERATION

| | 2007 | 2006 |
|---|---------------|---------------|
| | \$ | \$ |
| Audit services | | |
| Amounts paid/payable to BDO for audit of the financial report for the entity | <u>23,866</u> | <u>15,890</u> |
| | <u>23,866</u> | <u>15,890</u> |
| Other assurance services | | |
| Amounts paid/payable to BDO audit firms for non-audit assurance services for the entity | <u>–</u> | <u>–</u> |
| | <u>23,866</u> | <u>15,890</u> |

Financial Report

continued

For period ended 30 June 2007

NOTE 7: CASH AND CASH EQUIVALENTS

| | 2007 | 2006 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Cash - at bank and in hand | 497,965 | 477,483 |
| Cash - (Cash Management and term deposit) | <u>2,261,718</u> | <u>2,010,086</u> |
| | <u>2,759,683</u> | <u>2,487,569</u> |

Cash at bank and in hand is non-interest bearing. Deposits at call bear floating interest rates between 5% to 7% (2006: 0.7%-4.8%)

Reconciliation of Cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

| | | |
|--------------------------------------|-------------------------|-------------------------|
| Balances as above | <u>2,759,683</u> | <u>2,487,569</u> |
| Balances per statement of cash flows | <u>2,759,683</u> | <u>2,487,569</u> |

NOTE 8: TRADE AND OTHER RECEIVABLES (CURRENT)

| | 2007 | 2006 |
|-----------------------------------|-----------------------|-----------------------|
| | \$ | \$ |
| Rental Debtors | 10,133 | 35,886 |
| Property bonds | 357,704 | 311,465 |
| Sundry Debtors | <u>288,773</u> | <u>118,281</u> |
| | 656,610 | 465,632 |
| Less Provision for Doubtful Debts | <u>(3,804)</u> | <u>(37,829)</u> |
| Total | <u>652,806</u> | <u>427,803</u> |

Financial Report

continued

For period ended 30 June 2007

NOTE 9: PLANT AND EQUIPMENT

| | 2007 \$ | 2006 \$ |
|--|-----------------|-----------------|
| Plant and equipment | | |
| At cost | 114,183 | 85,694 |
| Accumulated depreciation | <u>(72,670)</u> | <u>(64,103)</u> |
| | <u>41,513</u> | <u>21,591</u> |
| Total non-current plant and equipment | <u>41,513</u> | <u>21,591</u> |

Reconciliations

Reconciliations of the carrying amounts of each class of plant & equipment at the beginning and end of the current and previous financial year are set out below:

| | 2007 \$ | 2006 \$ |
|--|-----------------|-----------------|
| Total Plant & Equipment | | |
| Carrying amount at beginning of financial year | 21,591 | 42,827 |
| Additions | 33,489 | 3,281 |
| Disposals | – | (1,050) |
| Depreciation | <u>(13,567)</u> | <u>(23,467)</u> |
| Carrying amount at end of financial year | <u>41,513</u> | <u>21,591</u> |

NOTE 10: INVESTMENT PROPERTY

| | 2007 \$ | 2006 \$ |
|------------------------------------|----------------|----------------|
| Investment property at cost | | |
| Balance at beginning of year | <u>200,000</u> | <u>200,000</u> |
| Balance at end of year | <u>200,000</u> | <u>200,000</u> |

The NSW Office of Community Housing and South West Inner Sydney Housing Co-operative Ltd entered into a funding agreement in 2002 to purchase property at 14 Church St, Marrickville, NSW. The Co-operative obtained a 26% equity interest in the property at a cost of \$200,000. The property has been valued at the year-end by the NSW Office of Community Housing in accordance with their internal valuation policy, and as such the fair value of the Co-operatives investment is deemed to be not materially different to the cost.

Financial Report

continued

For period ended 30 June 2007

NOTE 11: TRADE AND OTHER PAYABLES

| | 2007 | 2006 |
|----------------|----------------|----------------|
| | \$ | \$ |
| Other payables | 351,318 | 259,004 |
| | <u>351,318</u> | <u>259,004</u> |

NOTE 12: PROVISIONS

| | 2007 | 2006 |
|-------------------|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Employee benefits | 24,559 | 14,704 |
| | <u>24,559</u> | <u>14,704</u> |

NOTE 13: RETAINED EARNINGS

| | 2007 | 2006 |
|---|------------------|------------------|
| | \$ | \$ |
| Retained Earnings | | |
| Balance at start of period | 1,176,951 | 1,256,753 |
| Transfer to reserves | (1,349,021) | (380,000) |
| Transfer from reserves | 83,310 | – |
| Net profit for the year | 414,870 | 300,198 |
| | <u>414,870</u> | <u>300,198</u> |
| Balance at end of period | <u>326,110</u> | <u>1,176,951</u> |
| Reserves | | |
| Balance at start of period | 1,686,304 | 1,306,304 |
| Transfer from retained earnings to reserves | 1,349,021 | 380,000 |
| Transfer to retained earnings from reserves | (83,310) | – |
| | <u>1,349,021</u> | <u>380,000</u> |
| Balance at end of period | <u>2,952,015</u> | <u>1,686,304</u> |

Financial Report

continued

For period ended 30 June 2007

NOTE 13: RETAINED EARNINGS (continued)

Movements on reserves in the year are as follows:

| | At the start of the year | Transfer from retained earnings | Transfer to retained earnings | At the end of the year |
|---------------------------|--------------------------|---------------------------------|-------------------------------|------------------------|
| Bonds | 236,179 | – | – | 236,179 |
| Maintenance | 1,326,885 | 280,000 | – | 1,606,885 |
| Relocation and office | 44,360 | – | (44,360) | 0 |
| General Purposes | 39,930 | – | – | 39,930 |
| Asset Revaluation | 38,950 | – | (38,950) | 0 |
| SEPP10 | – | 589,021 | – | 589,021 |
| Property development fund | – | 480,000 | – | 480,000 |
| | <u>1,686,304</u> | <u>1,349,021</u> | <u>(83,310)</u> | <u>2,952,015</u> |

Reserves

SWISH uses part of its equity to meet future obligations and to identify equity which can only be committed for a specific purpose.

Maintenance Reserve established to meet long term maintenance on SWISH's capital property portfolio. The Office of Community Housing Performance based registration system requires Housing Associations to have sufficient funds available to meet 10 Year Asset Management Plan.

SEPP10 SWISH receives these funds for the purposes of purchasing or constructing accommodation for low to moderate income households eligible under State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation.

Property Development Fund. This fund is used as equity for the purpose of purchasing or constructing accommodation for low to moderate income households. SWISH may draw on retained profits to increase equity within prudent operational requirements and SEPP 10 funds.

Financial Report

continued

For period ended 30 June 2007

NOTE 14: CASH FLOW INFORMATION

| | 2007 \$ | 2006 \$ |
|--|----------------|----------------|
| Reconciliation of profit to net cash flow from operating activities | | |
| Profit for the year | 414,870 | 300,198 |
| Depreciation and amortisation | 13,567 | 23,466 |
| Profit on disposal property, plant and equipment | (4,641) | – |
| - decrease / (increase) in trade debtors | (225,003) | 100,116 |
| - increase / (decrease) in trade creditors | 74,499 | 65,493 |
| - increase in current tax liability | 17,815 | 57,299 |
| - increase / (decrease) in other provisions | 9,855 | 7,608 |
| Net cash flow from operating activities | <u>300,962</u> | <u>554,180</u> |

NOTE 15: CONTINGENCIES

Contingent Liabilities

At 30 June 2007, SWISH has no contingent liabilities.

NOTE 16: COMMITMENTS

| | 2007 \$ | 2006 \$ |
|--|---------------|---------------|
| Lease commitments | | |
| Within one year | 29,792 | 59,583 |
| Later than one year but not later than 5 years | – | 29,792 |
| | <u>29,792</u> | <u>89,375</u> |

SWISH Leases its premises at 1B/619 Elizabeth Street. The lease commenced on 1 January 2004 and expires on 31 December 2007.

NOTE 17: COMPANY DETAILS

The financial report of SWISH for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 4 October 2007 and covers SWISH as an individual entity as requested by Co-Operatives Act 1992

The financial report is presented in the Australian currency.

SWISH is a Housing Association registered under the Co-operatives Act 1992.

The address of the registered office and principal place of business is:

Suite 1B 619 Elizabeth St
Redfern NSW 2016



INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF SOUTH WEST INNER SYDNEY HOUSING CO-OPERATIVE LIMITED

We have audited the accompanying financial report of South West Inner Sydney Housing Co-operative Limited (the Co-operative), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Report

The directors of the Co-operative are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Co-operatives Act 1992, as amended*. This responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

Independence

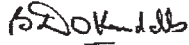
In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Auditor's Opinion

In our opinion the financial report of South West Inner Sydney Housing Co-Operative Limited is in accordance with the *Co-operatives Act 1992*, including:

- (a) giving a true and fair view of the co-operatives financial position as at 30 June 2007 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Co-operatives Act 1992.



BDO Kendalls



Max Perry
Partner

Dated this 11th day of October 2007

