



Annual Report 2008



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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 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 clients and deliver housing services on a fair and consistent basis

Tenants Rights Statement

SWISH recognises the rights of tenants to:

- ▶ safe, secure and affordable housing
- ▶ security of tenure within the constraints of funding and program guidelines
- ▶ fair open and non-discriminatory treatment, both in the selection process and in all other dealings
- ▶ privacy and confidentiality of information unless disclosure consent is given
- ▶ access to their own files
- ▶ consultation on all changes to their tenancy conditions
- ▶ kept informed of all action in relation to their tenancy and rent payments
- ▶ treated with respect at all times, to have their culture and background respected
- ▶ have their changing needs recognised; to have these met where possible within the guidelines and resources of the organisation
- ▶ appeal and complain if they do not agree with action taken or decisions made by SWISH
- ▶ make appeals and complaints without being penalised and to be encouraged to use an advocate
- ▶ to participate in decision making and know how to do this.

2008 Highlights

- ▶ Achieved our second consecutive Type 1 Grade A registration, the highest possible rating under in the NSW Performance Based Registration System
- ▶ Achieved Growth Provider Status. We are one of 7 Growth Providers in NSW
- ▶ High commendation in Excellence in Organisational Management and Governance, 2008 NSW Awards for Excellence in Community Housing
- ▶ Negotiated transfer of 117 properties from Burwood Area Community Housing to SWISH management commencing 1 September 2008
- ▶ Won Affordable Housing Initiatives Program tender for purchase of 8x2 bedroom units
- ▶ Waverley Affordable Housing Program increased from 23 properties to 28 properties. SWISH manages the largest local government housing program in NSW
- ▶ www.swish.org.au launched
- ▶ Tenant Survey 2008 showed 96% overall satisfaction rating
- ▶ Surplus of \$500k
- ▶ Introduction of Rent Incentive Scheme, every quarter a tenant who has paid rent two weeks in advance has an opportunity to win \$150

Thank you

SWISH would like to acknowledge the advice, assistance and support received from the following organisations and individuals during 2007-2008.

Mallesons Stephen Jaques for pro-bono advice on SWISH's incorporation.

Ron Turnbull for assisting SWISH to develop improved financial processing and reporting systems.

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, and Volunteering NSW.

SWISH Profile

Properties

SWISH manages 664 properties housing 1300 people. Our property portfolio includes:

- ▶ 288 properties leased from the private rental market
- ▶ 246 properties leased from the Department of Housing
- ▶ 101 properties managed through our fee for service program.

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 (28)
- ▶ Ningana Housing Cooperative (59)
- ▶ Aids Council of NSW (6)
- ▶ Department of Juvenile Justice (6)
- ▶ The Settlement (7).

Partnerships

SWISH also provides crisis and supported accommodation in partnership with support agencies to ensure sustainable tenancies for very vulnerable people. We have consolidated our partnership with Australian Red Cross Young Women's 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, Mercy Arms and Inner City Homeless Outreach Support Service
- ▶ 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 childhood 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)
- ▶ The Station (homeless men and women).

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.

SWISH directors 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 cooperative members at the Annual General Meeting. SWISH tenants automatically become members of the cooperative when they sign a tenancy agreement with SWISH.

SWISH Profile (continued)

Staffing

SWISH employs 10 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
- ▶ Housing Managers x3
- ▶ Property Asset Manager
- ▶ Finance Manager
- ▶ Receptionist
- ▶ Administrative Officers – Housing and Accounts.

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). OCH introduced the Performance Based Registration System to monitor and regulate the sector. Registration requires housing providers performance to be 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 2008 SWISH achieved its second consecutive Type 1 Grade A registration, achieving 9 A's under 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 7 *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 underwent accreditation in 2000, 2003 and 2006.

Chairperson's Report

High Performance

I am pleased to report that 2007-2008 was another year of growth and advancement for SWISH. We achieved our second A Grading under the Office of Community Housing's Performance Based Registration System (PBRS) and on the back of this, Growth Provider status. This is recognition of the continuous improvement in SWISH's performance and the organisations ability to meet the challenges created by a dynamic and competitive external environment.

Tenant Satisfaction

The assessment by our external regulator was also reflected by our tenant's assessment of SWISH's performance. The Tenant Survey 2008 showed improved satisfaction across most indicators and reflects the continuous improvement in SWISH's performance and service delivery. Our annual Tenant Survey is an important tool in monitoring and maintaining the quality of SWISH's service delivery.

Growing Property Portfolio

This year SWISH commenced the process of increasing the number of properties under management through our successful tender for the Affordable Housing Innovations Fund and from September 2008 the assumption of management responsibility for 117 properties transferred from Burwood Area Community Housing (BACH), when the company went into liquidation. I welcome the Burwood Area Community Housing tenants to SWISH and we commit to ensuring that all tenants will receive the same level of high quality service delivery. Our growth provider status will result in further stock transferred to SWISH over 2008/09.

Changing Incorporation

We announced last year that SWISH would be seeking to change its incorporation status from a co-operative to a company limited by guarantee. The SWISH Directors supports this change so as to better position SWISH to take advantage of the new opportunities emerging from our growth provider status. It is a requirement that all growth providers become companies limited by guarantee. You will have now received information on the proposed changes to our incorporation status.

We are also using this as an opportunity to change our name from the South West Inner Sydney Housing Cooperative Limited to Bridge Housing Limited. The proposed name more clearly reflects the future goals of SWISH within community housing – as Bridge Housing Limited the organisation's goals will be to provide more than just housing, it will be about 'Linking People to a Better Future'. The new name is also more appropriate as SWISH will now operate over a wider area. The change to incorporation status will have no impact on your tenancy or the services we provide and as noted through the transfer of BACH properties will increase the properties that we manage to assist other low and moderate income households. The Directors recommend that members support the change in name and incorporation to a company limited by guarantee in the postal ballot to seek approval for the change.

Thank You

Finally, it has been a year of tremendous achievement for SWISH and I wish to express my appreciation of the dedication of the SWISH staff and management, and also to the SWISH Board of Directors for their unwavering commitment and passion that has led to this year's results.

Jean Laut
Chairperson

Treasurer's Report

Overview

This financial year SWISH produced a healthy surplus, committed a record amount on planned maintenance 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 2007/2008 surplus is \$506,541 including \$341,235 in SEPP 10 contributions.

This increased SWISH's total equity to \$3,784,666 from \$3,278,125. Equity is the amount of funds we have available to assist with our future activities. For example \$430,000 of our equity is committed towards our share of property valued at \$1.7M purchased through the Affordable Housing Initiatives Fund.

Maintaining Properties

SWISH manages capital properties worth \$117m and ensures that the properties are well maintained through our *Ten Year Asset Maintenance Plan 2008-2018*.

The plan is regularly updated. In 2007-2008 we commenced Stage One of our property scopes by expert assessors and completed 80 inspections. Stage Two will involve 150 inspections and be completed in 2008-2009.

This enables SWISH to plan and determine the costs of maintaining our capital properties to ensure that our properties are well maintained to assist other low income households in the future.

To meet these future commitments SWISH has built a substantial maintenance reserve of \$1.6m. We have maintained the reserve at this level for 2008 pending the completion of property scopes.

This year we spent a record amount of \$590,000 on responsive and planned maintenance.

Of the surplus noted above, \$341,000 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 to year end has collected \$930,000 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. We are negotiating the Department of Planning to pool the contributions to maximise their benefit. 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 which increased to \$199,958 from \$125,310 in 2007/2008

We have further streamlined our payment system as more contractors and real estate agents come onto the system. Now over 90% of payments are made electronically. In addition we undertaking continuous improvement of our internal processes to reduce processing time 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

SWISH achieved a number of key milestones in the 2007-2008 financial year which establishes a firm base for further growth in 2008-2009 and enables to respond to the environment laid out in governments growth strategy for community housing associations "Planning for the Future".

Achievements

These achievements include:

- ▶ Securing our second Type 1 A Grade under the Performance Based Registration System, indicating that SWISH is organisationally and financially robust.
- ▶ Achieving Growth Provider status. Only seven of the 38 housing associations in NSW achieved this status. Growth Providers will have preferred access to any new housing supply this and will extend our capabilities into new areas of work such as redevelopment and property procurement.
- ▶ Successful tender under the Affordable Housing Initiatives Fund resulted in the purchase of a multiunit block of 8x2 bedroom units for \$1.7m. This project is significant as the project has a small loan component of \$430k and SWISH will receive full title on the property. This project builds on our affordable housing programs through the Social Housing Subsidy Program and Waverley Council.
- ▶ Securing the management of an additional 117 properties from the Burwood Area Community Housing (BACH), in September 2008. This followed our provision of management support from early 2008 when BACH went into administration. Our area of operations will now extend to Canada Bay, Burwood, Strathfield and Canterbury local government areas.

Service Improvements

In response to our rapid growth, SWISH has reviewed and updated its governance, management structure and systems. These provide a platform upon which we can support additional housing, tenants, housing applicants, and partner agencies in new geographical areas. This included the first significant review of our housing eligibility, allocation and management policies

since 2000, the launch of the SWISH website enabling applicants, tenants and support partners to access information on our housing programs and policies. We have also improved internal systems – principally the development of an asset maintenance database to assist with our planned asset maintenance, and better integration of our financial reporting system to provide more timely and detailed financial reports.

Listening to Tenants

Our annual Tenant Survey illustrates SWISH's commitment to improved service delivery. Now in its third year it provides important feedback from our tenants to identify our strengths and weaknesses in our service delivery and leads to further service improvement. The 2008 Tenant Survey showed that there was an overall service satisfaction rating of 96% and this result continues the improvement in the 2007 Tenant Survey.

Cultural Diversity

We have a cultural diverse tenant base, 46% of SWISH tenants have a Culturally and Linguistically Diverse (CALD) background and speak 42 languages, with Vietnamese and Chinese predominate. This year we introduced a 6 language information block on the reverse of all significant letters and on our website to improve communication with our CALD tenants.

Strong Partnerships

Our partnerships with support agencies are an important and vital part of SWISH's housing program. These ensure sustainable tenancies for people with high needs who may not otherwise be able to live independently. Through these partnerships we provide housing to homeless people, people leaving the prison system, people with intellectual disabilities, women escaping domestic violence, people with HIV Aids. Over 15% of all our tenancies require support and we have agreements in place with 18 support provider agencies. This year we introduced a Support Provider survey to augment our quarterly meetings to measure the level of satisfaction with our partnerships and identify service improvements. The survey results showed a high level of satisfaction with partnerships with SWISH and has been useful in identifying service improvements.

Executive Officer's Report (continued)

Expanding Housing Activities

SWISH seeks to improve existing properties, build existing programs and be innovative in growing its housing activities. We negotiated with the Office of Community Housing to sell Evans Street a 12 bedroom boarding house refurbished in 1988 requiring significant maintenance and no longer providing an appropriate housing amenity. This was replaced with a newly refurbished block of units in the same area providing accommodation to the same number of people.

The number of properties under management through the Waverley Affordable Housing Program increased to 28 up from the original 4 units in January 2005. SWISH manages the largest local government affordable housing program in NSW.

SWISH received a record amount of \$341,000 in 2007-2008 through SEPP 10 contributions, We are currently negotiating with the Department of Planning to lift the requirement that the funds must be spent in the local government area in which they are levied. Our proposal is to enable the funds to be pooled and used regionally and leveraged with the Affordable Housing Initiative Funds and the federal governments National Rental Affordability Scheme.

Thank You

SWISH's achievement is due to a team effort and I wish to thank my staff for their commitment, dedication and support through a period of change and growth. SWISH's achievement is their achievement. My thanks to the SWISH directors who have provided a strong governance culture which enables SWISH to be a high performing organisation.

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 sector. Nathan Kraft for his work on the SWISH 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.

John Nicolades
Executive Officer

Governance

South Western Inner Sydney Housing Co-operative Limited (SWISH) is a registered Co-operative under the *Co-operatives Act 1992 (NSW)* and regulated by the Registrar of Associations and Co-operatives. The SWISH Rules set out how SWISH corporate governance structure and rules.

Role of the Board

SWISH Board of Directors is responsible for ensuring the effective corporate governance of SWISH under the SWISH Rules and other relevant legislation. The Directors are responsible for ensuring that SWISH provides effective and high quality tenancy and property management services 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 implements 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's 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:

- ▶ Directors must act in the interest of SWISH at all times and in all decisions made
- ▶ Directors must carry out their role on the Board in accordance with SWISH's policies and procedures
- ▶ In approving expenditures or financial reports, Directors must be aware of the implications of their decision on the financial viability of SWISH
- ▶ Directors 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
- ▶ Directors must ensure that their private or personal interests do not influence their decisions about SWISH, 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
- ▶ Directors should not place themselves under any obligation that might influence, or be perceived to influence, the conduct of their duties.

Governance (continued)

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 4 years but are eligible for renomination and re-election. No Director can serve for more than 8 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 attends all Board meetings.

Board Review 2007

In late 2007 the Board undertook an internal review of the effectiveness of SWISH's governance structure and processes. It was determined that while organisational governance was robust and there was a clear separation of director and management responsibility, the SWISH Board could improve its strategic focus. The Board introduced a structure which would enable the Board to focus on strategy without losing sight of key operational issues.

Board meetings were moved from monthly to bi-monthly and two subcommittees were formally established the Finance and Risk Subcommittee, and the Asset and Procurement Subcommittee. These subcommittees would support management by focusing on operational matters and provide reporting lines and recommendations to the Board. The result is less discussion on detailed operational matters and a greater focus on strategic matters at Board meeting.

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 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

Member: Asset and Procurement Subcommittee

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

Member: Finance and Risk Subcommittee

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, Vicki worked at Lend Lease Corporation and National Australia Bank in a number of senior roles.

Board Members (continued)

Gary Milligan B. Sc., B. E. (Electrical) (Hons 1) (Sydney),
Grad. Cert. Human Resource Development (Canberra), MIVMA
 Board member 2007

Skill Area: Asset Management

Member: Convenor Asset and Procurement
 Subcommittee

Gary 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 2007 to June 2008

	Attended	Meetings
Jean Laut	10	10
Martin Baird	9	10
John Dunn	6	10
Andrew Penfold	4	10
Helen Wood	8	10
Vicki Allen	8	10
Gary Milligan	10	10



Left to right: Vicki Allen, Helen Wood, Martin Baird, Jean Laut, Andrew Penfold, Gary 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 20 years. John was with the Department of Housing as Director of the Centre for Affordable Housing from 2003, and was inaugural director of Affordable Housing Service in the NSW Department of Planning in 1999-2003. Previously, John held various strategic and operational positions including Community Services Manager at the Uniting Church Board for Social Responsibility 1989-1999, 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 management experience with one of the largest social housing providers in the UK – Notting Hill Housing Trust. She has 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 five staff 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 the Domain Real Estate Group.

Born in 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 in 2006

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

SWISH Staff (continued)



Staff Complement

Housing Managers

Jackie Sailer
Davina Lomas
Lucille Bernard

Administrative Officers

Maree Clancy
Gemma Doherty
Louise Ahmat
(until December 2007)
Hannah Arja

Left: John Nicolades, Executive Officer, receiving SWISH's High Commendation for Excellence in Organisational Management and Governance at the 2008 NSW Awards for Excellence in Community Housing. Presented by Carol Croce, Executive Director, Community Housing Federation of Australia.



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 18 formal support partnerships.

- ▶ Australian Redcross Young Women Health Program
- ▶ Aids Council of NSW (ACON)
- ▶ AIDS Dementia & HIV Psychiatry Service
- ▶ Bobby Goldsmith Foundation
- ▶ Centacare (Alive Program)
- ▶ Community Restorative Centre
- ▶ Independent Community Living Association
- ▶ Inner City Homeless Outreach and Support Service
- ▶ Marian Centre
- ▶ Mathew Talbot Hostel
- ▶ The Mercy Arms
- ▶ Oasis
- ▶ The Station
- ▶ Stepping Out
- ▶ THEBA Young Womens Service
- ▶ Twenty 10
- ▶ Wesley Mission
- ▶ Wyanga Aboriginal Aged Care Program

The Marian Centre

The Marian Centre in Lewisham is a 'special work' of the Society of St Vincent de Paul, operating as a refuge for women and children escaping domestic violence and homelessness. The Marian Centre offers support to 110 clients each day, 70 clients are living in our outreach properties which are provided by various community housing organizations. SWISH is one of the biggest community housing organizations which the Marian Centre has been working with last 8 years. The clients are supported in those properties up to 2 years.

“Over the past 8 years, SWISH has provided excellent quality of service to the clients of the Marian Centre. SWISH has the skills to understand and work with the clients who are not only from disadvantaged groups in the community, but also have very high complex needs. SWISH is the only community housing organization that attends quarterly meetings at the Marian Centre to discuss

the needs of the clients, and to make sure that the best property and tenancy management is offered to the clients. SWISH is committed to offer the highest standards of living to the clients who give them a sense of integrity, social inclusion, and the support they needed to reach their potential in life. The clients are always making comments on how they could not achieve their goals of living with their children and be free of abuse without the housing provided by SWISH. The stable housing and support allows our clients to break the cycle of abuse, but also break the cycle of abuse of the past generations. In the long term, this creates safety for the whole community. The Marian Centre believes that SWISH plays a big role in the lives of the clients, not only providing housing to the clients but also giving them the options to make positive changes in their lives.”

Ilknur Chaloupka
Manager

The Mercy Arms

Catholic Healthcare's Housing Support Team at Mercy Arms provides support to those who are homeless or at risk of homelessness.

“The partnership between Mercy Arms and SWISH enables the provision of sustainable housing options for older people who are financially and socially disadvantaged. These options include Transitional Housing as well as a number of leasehold and capital properties allocated by SWISH to clients of Mercy Arms. Transitional Housing is comprised of ten bedsit rooms in Waterloo where people who have been homeless can access shelter and support services while awaiting permanent housing. In 2007-08, 23 people signed leases with SWISH for Transitional Housing, a 100% increase on the previous years. Another four people were housed under the allocated property and homeless lease schemes. The partnership with SWISH offers an innovative and responsive option in addressing the problems of homelessness in Sydney.”

Ruth Melville
Senior Coordinator
Homelessness and Housing Support Services

Partnerships (continued)

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 to 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
Transition Support Coordinator

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
- ▶ 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. 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

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 2007-08 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 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.”

Angela Rondo
Manager/Community Services,
Aids Council of NSW

Statistics

Properties

SWISH manages 664 properties which are secured through:

- ▶ The Department of Housing – Capital
- ▶ Private rental market – Leasehold
- ▶ Managed for a fee – Fee for Service
- ▶ Special programs – Social Housing Subsidy Program.

See Chart 1.

SWISH's properties are predominately located in the inner metropolitan region. There are no significant changes in portfolio by LGA between 2006 and 2008 (see Chart 2).

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.

SWISH's properties are predominately 1 and 2 Bedroom units, with a smaller number of 2 and 3 bedroom houses. This reflects the demand for this type of housing (see Chart 3).

Chart 1. Property by Program 2006 – 2008

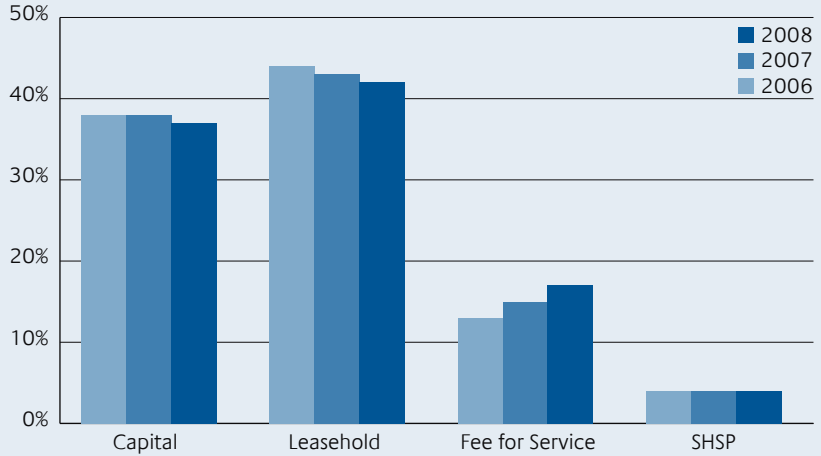


Chart 2. Property by LGA June 2006 – 2008

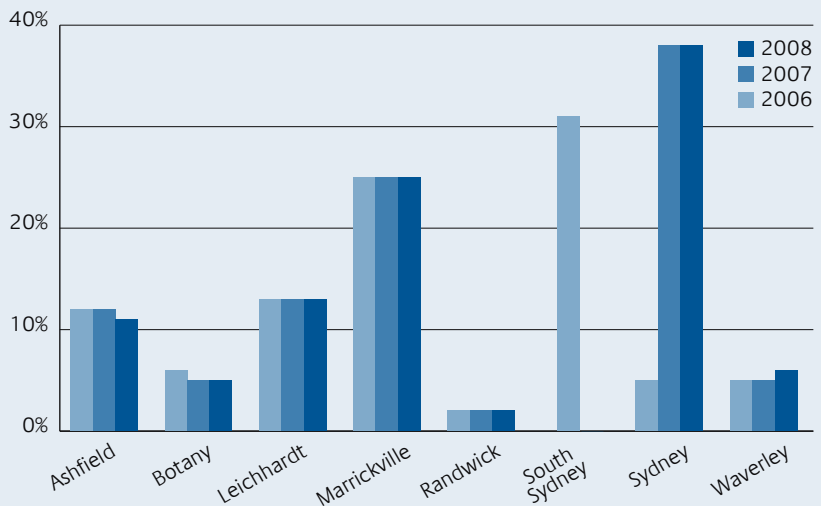
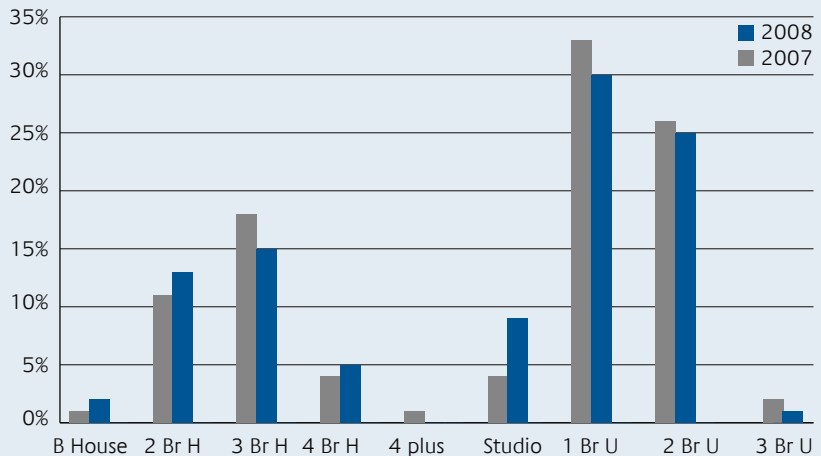
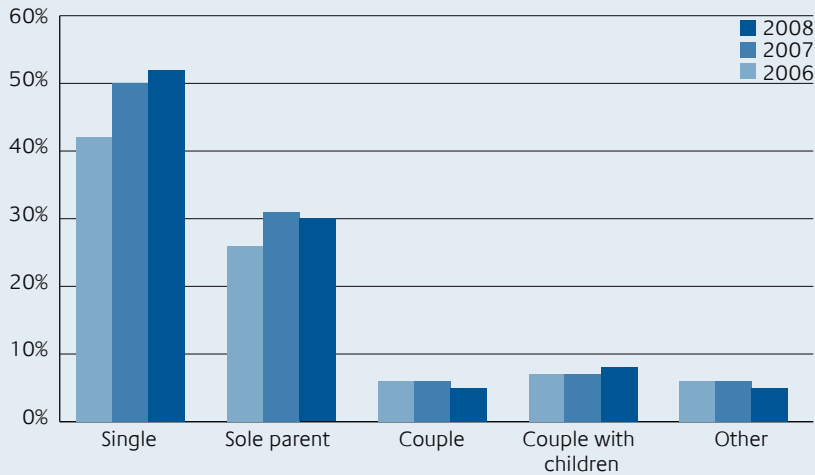


Chart 3. Property by Bedroom Size June 2007 – 2008



Statistics (continued)

Chart 4. Tenant Household Type 2006 – 2008

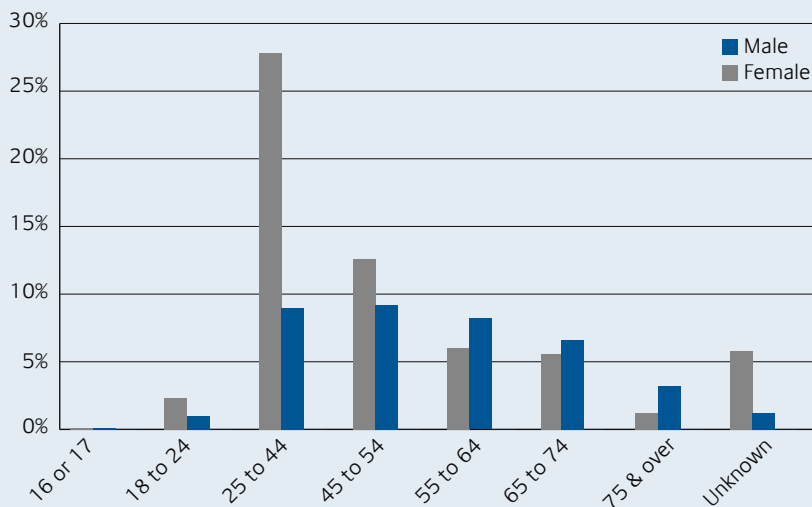


Tenants

The majority of SWISH households are single people, followed by sole parents. Couples with/out children constitute a lower percentage of households (see Chart 4).

SWISH's tenants are predominately female headed households (67%) with the majority of tenants aged 25 plus (see Chart 5).

Chart 5. Gender by Age Head Tenants



Applicants

SWISH has three hundred applicants for housing. We review our waiting list annually (see Chart 6).

Current applicant demand matches the existing demand for one and 2 bedroom dwellings (see Chart 7).

SWISH housed 150 applicants households from the waiting list in 2007-2008 and transferred 91 existing tenants to other housing within SWISH (see Chart 8).

Internal transfers assists in freeing up existing stock for waiting list applicants.

Chart 6. Time on Waiting List June 2006 – 2008

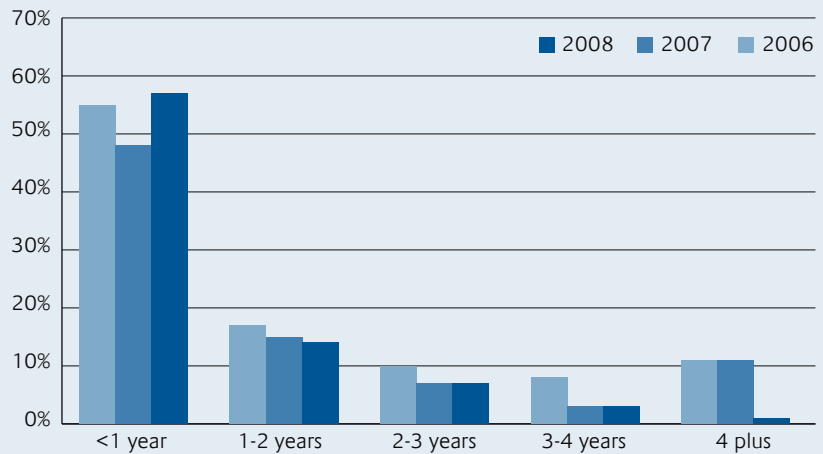


Chart 7. Applicant Bedroom Demand 2006 – 2008

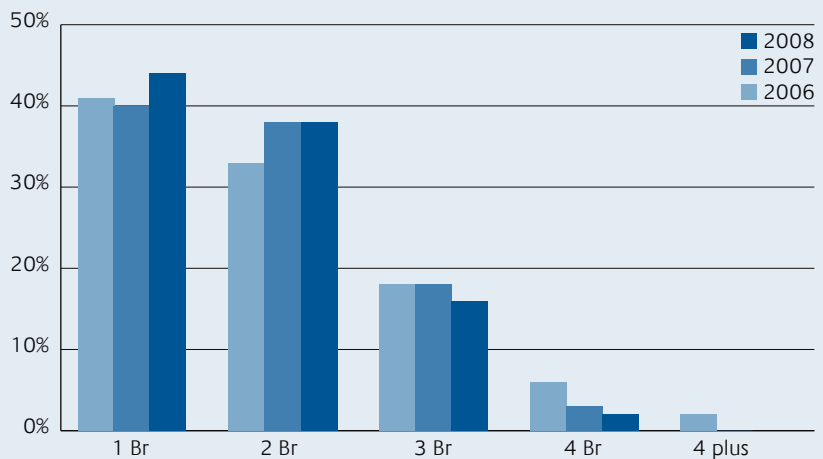
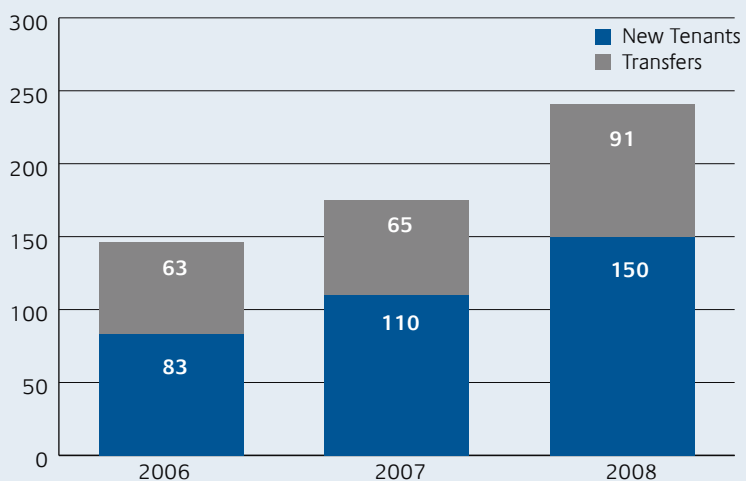
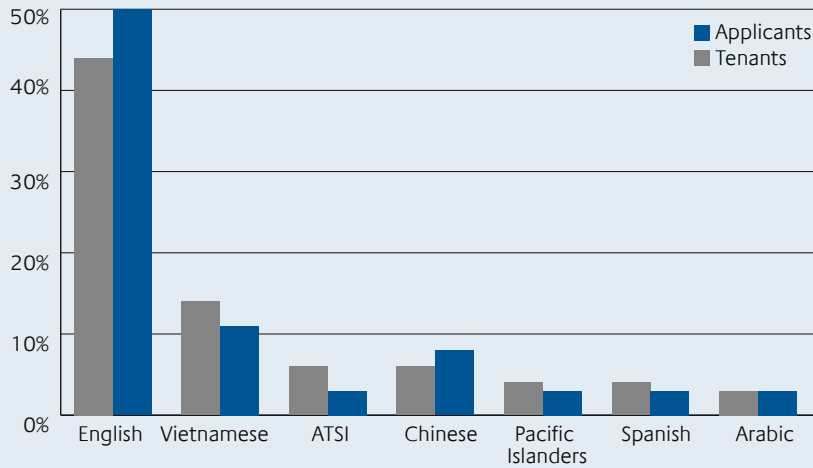


Chart 8. New Tenancies and Transfers 2006 – 2008



Statistics (continued)

Chart 9. Language/Cultural Identification 2008

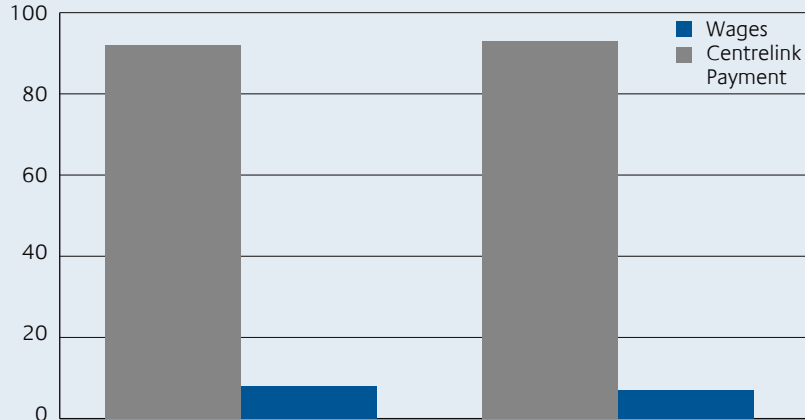


Language and Cultural Identification

SWISH tenants and applicants are culturally and linguistically diverse, speaking 40 languages. After English, Vietnamese and Chinese are the predominate languages.

5% of tenants are ATSI households (see Chart 9).

Chart 10. Income Source, Tenants and Applicants 2008



Income

The majority of SWISH tenants and applicants are dependant on Centrelink payments as their major income source (see Chart 10).

Report card

Key Performance Indicators	2008	2007
Tenant Satisfaction		
Overall satisfaction with the organisation	96.0%	96.0%
Service Development		
Increases in housing stock	664	664
Number of partners	18	18
Supported tenancies	15.0%	14.0%
Finance Management		
Staff Management Cost ratio	8.0%	8.0%
Operating Cost ratio	4.0%	3.0%
Cash at end of year	\$3.1m	\$2.7m
Net profit	\$0.506m	\$0.414m
Reserve for future planned maintenance	\$1.6m	\$1.6m
Retained Profit	\$0.491m	\$0.326m
Housing Management		
Arrears	0.7%	1.36%
Market rent loss via vacancy	1.2%	1.3%
Number of tenants exiting the service because of Possession Order enforcement	8	9
Human Resources		
Number of full time equivalent staff	10	10

Financial Statements

For period ended 30 June 2008

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 2008.

(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	Asset Management
Vicki Allen	Human Resources/Finance
Andrew Penfold	Law and Finance
Helen Wood	Development Manager

(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 \$506,541 (2007: \$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.

(f) There were a number of significant changes to the organisation of SWISH in the last financial year.

- ▶ SWISH was reviewed under the Office of Community Housings Performance Based Registration System in 2007 and achieved its second consecutive A Grading
- ▶ In December 2007 SWISH was successful in securing funding under the Affordable Housing Initiatives Program to acquire a small block of units. This will result SWISH in seeking external loan finance equal to approx 20% of the acquisition cost and gaining full title on the property.

▶ On 15 May 2008 SWISH was advised by the Office of Community Housing that it had been appointed as a 'Growth Provider'. This status means SWISH has been identified as an organisation capable of managing a greater number of capital properties and undertaking new programs. The transfer of capital properties to SWISH will have a favourable impact on the operations of the organisation.

(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, except as follows:

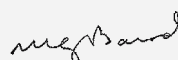
▶ Andrew Penfold resigned from the SWISH board on 28 August 2008.

▶ On 1 September 2008 SWISH completed negotiations with Office of Community Housing to transfer to SWISH's management, 117 leasehold and capital properties from Burwood Area Community Housing which is under liquidation. This will increase SWISH's property portfolio to 730 properties.

(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 30th September 2008 in accordance with a resolution of the Directors.



Martin Baird
Director



Gary Milligan
Director

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 2008 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 30th September 2008 in accordance with a resolution of the Directors.



Martin Baird
Director



Gary Milligan
Director

Independent Auditor's Report



**Chartered Accountants
& Advisers**

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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 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors declaration.

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.



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Advisers to growing businesses



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Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of South West Inner Sydney Housing Co-Operative Limited as of 30 June 2008 and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Accounting Interpretations).

BDO Kendalls

Max Perry
Partner

Dated this 10th day of October 2008



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Income Statement

For the Year Ended 30 June 2008

	Notes	2008 \$	2007 \$
Revenue – Rental Income		3,424,634	3,129,442
Government Grants	3	3,868,198	3,432,037
SEPP 10 Developer Contributions	4	341,235	206,946
Other Income	2	403,219	259,731
Tenancy and Property Management Expenses	5	(6,637,262)	(5,843,397)
Administration Expenses	5	(893,483)	(769,889)
Profit attributable to members		506,541	414,870

The accompanying notes form part of these financial statements.

Balance Sheet

For the Year Ended 30 June 2008

	Notes	2008 \$	2007 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	3,111,754	2,759,683
Trade and other receivables	8	976,009	652,806
Total current assets		4,087,763	3,412,489
Non-current assets			
Property, plant and equipment	9	34,603	41,513
Investment Properties	10	200,000	200,000
Total non-current assets		234,603	241,513
Total assets		4,322,366	3,654,002
LIABILITIES			
Current liabilities			
Trade and other payables	11	481,917	351,318
Provisions	12	55,783	24,559
Total current liabilities		537,700	375,877
Total liabilities		537,700	375,877
Net assets		3,784,666	3,278,125
EQUITY			
Reserves	13	2,952,015	2,952,015
Retained earnings	13	832,651	326,110
Total equity		3,784,666	3,278,125

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the Year Ended 30 June 2008

	Notes	2008 \$	2007 \$
Cash flows from operating activities			
Cash receipts from customers		7,899,664	6,651,630
Cash paid to suppliers and employees		(7,726,242)	(6,475,978)
Interest received		199,958	125,310
Net cash inflow from operating activities	14	363,380	300,962
Cash flows from investing activities			
Proceeds-sales of property, plant and equipment		3,463	4,641
Purchase of property, plant and equipment		(14,772)	(33,489)
Loss from disposal of property, plant and equipment			-
Net cash outflow from investing activities		(11,309)	(28,848)
Net increase in cash and cash equivalents		352,071	272,114
Cash and cash equivalents at beginning of period		2,759,683	2,487,569
Cash and cash equivalents at end of the year	7	3,111,754	2,759,683

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2008

	Note	Retained Earning \$	Reserves	Total Equity \$
Balance at 1 July 2006		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
Profit attributable to members		506,541	–	506,541
Transfer to/from reserves		(341,235)	341,235	–
Sub-total		491,416	3,293,250	3,784,666
Balance at 30 June 2008	13	491,416	3,293,250	3,784,666

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2008

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.

(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.

(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 2008 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
Computer Equipment	3 years
Office Equipment	3 years

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

Note 1: Summary of Significant Accounting Policies (continued)

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.

(k) GST

Revenues and expenses are recognised net of GST, except where GST incurred on a purchase is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of the expense item. Receivables and payables are stated with the amount of GST included. The net amount of GST payable to the taxation authority is included in payables in the balance sheet.

(l) Accounting Standards Issued but not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The company has not adopted any of these standards early, and application of these standards will not affect any of the amounts recognised in the financial statements.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2008

Note 2: Other Revenue

	2008 \$	2007 \$
Fees Received – Services	127,562	112,494
Interest	199,958	125,310
Profit on Disposal of Assets	3,463	4,641
Miscellaneous Income	72,236	17,286
Total other revenue	403,219	259,731

Note 3: Government Grants

	2008 \$	2007 \$
Government grants	3,868,198	3,432,037
Total Other Income	3,868,198	3,432,037

Government grants

Government grants of \$3,868,198 (2008), \$3,432,037 (2007) 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

	2008 \$	2007 \$
SEPP 10 Developer Contributions	341,235	206,946
Total	341,235	206,946

SEPP 10 Developer Contributions

Developer contributions of \$341,235 (2008), \$206,946 (2007) 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.

Note 5: Expense

	2008 \$	2007 \$
Tenancy and Property Management Expenses		
Rent Paid	5,041,079	4,523,616
Provision for Doubtful Debts	24,108	21,572
Insurances	108,197	110,074
Rates and Utility Charges	384,693	402,614
Repairs and Maintenance	640,175	453,437
Other	439,010	332,084
	6,637,262	5,843,397
Administration Expenses		
Salaries, Fees and On Costs	616,730	545,990
Office Rent	63,137	60,775
Office Expenses	74,913	64,505
Consultant Fee	42,342	8,332
Audit and Accounting Services	30,702	36,530
Depreciation	20,288	13,567
Loss on Disposal of Assets	1,395	-
Other Expenses	39,580	33,424
Legal Fees	4,396	6,766
	893,483	769,889

Note 6: Auditor's Remuneration

	2008 \$	2007 \$
Audit services		
Amounts paid/payable to BDO Kendalls for audit of the financial report for the entity	18,720	23,866
	18,720	23,866
Other services		
Amounts paid/payable to BDO Kendalls for non-audit services for the entity	3,000	-
	21,720	23,866

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2008

Note 7: Cash and Cash Equivalents

	2008	2007
	\$	\$
Cash - at bank and in hand	427,819	497,965
Cash - cash management and term deposit	2,683,935	2,261,718
	3,111,754	2,759,683

Cash at bank and in hand is non-interest bearing. Deposits at call bear fixed interest rates between 0% to 7.7% (2007: 5% to 7%)

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	3,111,754	2,759,683
Balances per statement of cash flows	3,111,754	2,759,683

Note 8: Trade and Other Receivables (Current)

	2008	2007
	\$	\$
Rental Debtors	53,616	10,133
Property bonds	419,507	357,704
Sundry Debtors	508,247	288,773
	981,370	656,610
Less Provision for Doubtful Debts	(5,361)	(3,804)
Total	976,009	652,806

Note 9: Fixed Assets

	2008 \$	2007 \$
Equipment		
At cost	33,086	34,636
Accumulated depreciation	(31,792)	(24,435)
	1,294	8,201
Motor vehicle		
At cost	16,222	16,222
Accumulated depreciation	(3,591)	(347)
	12,631	15,875
Computer Equipment		
At cost	25,942	50,466
Accumulated depreciation	(17,042)	(40,014)
	8,900	10,452
Office Equipment		
At cost	20,584	12,859
Accumulated Depreciation	(8,806)	(5,875)
	11,778	6,984
Total non-current plant and equipment	34,603	41,513

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:

Total Plant & Equipment		
Carrying amount at beginning of financial year	41,513	21,591
Additions	14,772	33,489
Disposals	(1,394)	-
Depreciation	(20,288)	(13,567)
Carrying amount at end of financial year	34,603	41,513

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2008

Note 10: Investment Property

	2008 \$	2007 \$
Investment property at cost		
Balance at beginning of year	200,000	200,000
Balance at end of year	200,000	200,000

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.

Note 11: Trade and Other Payables

	2008 \$	2007 \$
Other payables	481,917	351,318
	481,917	351,318

Note 12: Provisions

	2008 \$	2007 \$
CURRENT		
Employee benefits	55,783	24,559
	55,783	24,559

Note 13: Retained Earnings and Reserves

	2008 \$	2007 \$
Retained Earnings		
Balance at start of period	326,110	1,176,951
Transfer to reserves	(341,235)	(1,349,021)
Transfer from reserves	–	83,310
Net profit for the year	506,541	414,870
Balance at end of period	491,416	326,110
Reserves		
Balance at start of period	2,952,015	1,686,304
Transfer from retained earnings to reserves	341,235	1,349,021
Transfer to retained earnings from reserves	–	(83,310)
Balance at end of period	3,293,250	2,952,015

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	1,606,885	–	–	1,606,885
General Purposes	39,930	–	–	39,930
SEPP10	589,021	341,235	–	930,256
Property development fund	480,000	–	–	480,000
	2,952,015	341,235	–	3,293,250

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.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2008

Note 14: Cash Flow Information

	2008 \$	2007 \$
Reconciliation of profit to net cash flow from operating activities		
Profit for the year	506,541	414,870
Depreciation and amortization	20,288	13,567
Profit on disposal property, plant and equipment	(2,069)	(4,641)
– decrease/(increase) in trade debtors	(323,203)	(225,003)
– increase/(decrease) in trade creditors	130,599	74,499
– increase in current tax liability	–	17,815
– increase/(decrease) in other provisions	31,224	9,855
Net cash flow from operating activities	363,380	300,962

Note 15: Contingencies

Contingent Liabilities

At 30 June 2008, SWISH has no contingent liabilities.

Note 16: Commitments

	2008 \$	2007 \$
Lease commitments		
Within one year	70,890	29,792
Later than one year but not later than 5 years	35,445	–
	106,335	29,792

SWISH Leases its premises at 1B/619 Elizabeth Street, Redfern, NSW, 2016. The lease commenced on 1 January 2008 and expires on 31 December 2009.

Note 17: Company Details

The financial report of SWISH for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 30 September 2008 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.

Note 18: Financial Risk Management

a) General objectives, policies and processes

The Co-operative is exposed to risks that arise from its use of financial instruments. This note describes the Co-operative's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Co-operative's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Co-operative's financial instruments consist of cash and cash equivalents, trade receivables, and trade payables.

The Board has overall responsibility for the determination of the Co-operative's risk management objectives and policies and its overall objective is to set policies that seek to reduce risk as far as possible without unduly affecting the ability of the Co-operative to achieve its aims. Further details regarding these policies are set out below:

b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Co-operative incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Co-operative.

There is no concentration of credit risk with respect to current receivables.

The maximum exposure to credit risk at balance date is the carrying value of these assets, net of any provision for doubtful debts, as disclosed below:

	2008	2007
	\$	\$
Rental Debtors	48,255	6,329
Property bonds	419,507	357,704
Sundry Debtors	508,247	288,773
	976,009	652,806

c) Liquidity Risk

Liquidity risk is the risk that the Co-operative may encounter difficulties raising funds to meet commitments associated with financial instruments.

The Co-operative is not significantly exposed to this risk, as it has \$3,111,754 (2007: \$2,759,683) of cash and cash equivalents to meet these obligations as they fall due.

The Co-operative manages liquidity risk by monitoring cash flows and ensuring it has sufficient cash reserves.

Notes to the Financial Statements (continued)

For the Year Ended 30 June 2008

Note 18: Financial Risk Management (continued)

d) Market Risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in interest rates.

The Co-operatives exposure to interest rate risk is set out in the tables below:

2008	Floating interest rate	Fixed interest Less than 1year	Non-interest bearing	Total
Financial Assets				
Cash	1,384	2,679,584	429,202	3,111,754
Receivables	–	–	976,009	976,009
	1,384	2,679,584	976,009	4,087,763
Weighted average interest rate	4.65%	7.63%	0%	
Financial Liabilities				
Payables	–	–	481,917	481,917

2007	Floating interest rate	Fixed interest Less than 1year	Non-interest bearing	Total
Financial Assets				
Cash	689,772	1,570,769	499,142	2,759,683
Receivables	–	–	652,806	652,806
	689,772	1,570,769	1,151,948	3,412,489
Weighted average interest rate	6.15%	6.32%	–	
Financial Liabilities				
Payables	–	–	351,318	351,318

Sensitivity Analysis

2008	Carrying Amount	+1% Profit \$	-1% Profit \$
Cash	3,111,784	23,745	(23,745)

The above analysis assumes all other variables remain constant.

2008	Carrying Amount	+1% Profit \$	-1% Profit \$
Cash	2,759,683	19,358	(19,358)

The above analysis assumes all other variables remain constant.

The end of Financial Statements.



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