

# SouthEast

## Housing Co-operative Ltd

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**PEOPLE TOGETHER ARE STRONGER**



# Annual Report 2014-2015

**Section 2**



# Strategic Plan 2015-2017

This revised Strategic Plan was adopted at a General Meeting of members on May 18<sup>TH</sup> 2015.

Strategic plans are developed by the board and approved by general meetings of members.

## GOAL 1: Provide affordable secure, well maintained and sustainable housing

<b>Priorities 2015-2017</b>	<b>Effectiveness Indicators</b>	<b>Comments</b>
1.1 Maintain integrity of General Lease.	Reviewed and signed a new General Lease 30 June 2015.	General Lease has replaced HPF Lease - more autonomy, security and income. New General Lease is for a five year period.
1.2 Sustainability	Develop a sustainability understanding and policy - what it means, criteria and framework, housing standards, HIA standards and applicability.	Initial work undertaken on sustainability policy with paper Sustainability - Preliminary Observations for consideration by board early in 2015 - 2016.
1.3 Improve the effectiveness and efficiency of tenancy services		SouthEast rates well with service delivery and member satisfaction with services. While satisfaction is increasing this provides no basis for complacency.
1.4 Improve the effectiveness and efficiency of maintenance services		A Maintenance Feedback Survey has been introduced and these are periodically analysed.
1.5 Affordability	Continued measures to protect housing affordability and identification of appropriate ongoing indicators.	This work will commence in 2015-2016.
1.6 Security	Continued measures to protect security of tenure for members and identification of appropriate ongoing indicators.	This work will commence in 2015-2016.
1.7 Management	Average turnaround time 17 days subject to availability for tenancy.	In 2013-2014 this was 10 days compared with 12 days in 2010-11 and 21 days in 2011-12 with similar agencies 9 days in 2011-2012 and 7 days in 2012-2013. Achieving indicator depends on whether or not a property is lettable after a tenant leaves. Turnaround times have been identified as requiring improvement. Innovative strategies will be explored, implemented and evaluated for effectiveness.



Priorities 2015-2017	Effectiveness Indicators	Comments
	Appropriate appointment and ongoing monitoring of General Manager.	Ensure staff and board responsibilities, skills and abilities are adequate and aligned to meet the strategic and operational needs of the cooperative.
	Ongoing review of performance.	Two priorities for 2014-2015 are to: (a) Complete staff position descriptions with the assistance of CEHL and (b) Co-operative College follow-up to the director skills audit undertaken in 2012
	Approval of Annual report by board.	Board approved Annual Report
	Approval of business plan by board.	Board approved Annual Report 25 September 2015
	Approval of Annual Budget by board.	Board approved Annual Budget 2015-2016 on 26 June 2015.
	Regular review and approval of Strategic Plan subject to General Meeting approval.	Board reviewed Strategic plan that was subsequently adopted at May 2015 general Meeting.
	100% allocation maintenance expenditure	Not a HR KPM, a DHHS requirement and an enhanced SouthEast KPM. Allocation not spent has to be carried over for DHHS properties.
		A cyclical maintenance reserve has been maintained for SouthEast owned properties. \$30,000 is currently in the Reserve. This will increase to \$45,000 this year.
	83% tenant satisfaction with maintenance	In 2014-2015 82.7% of members were Very Satisfied or Fairly Satisfied with Maintenance Services. This is a slight fall from 84.88% in 2012-2013 but still remains above the tenant satisfaction levels reported by the Australian Institute of Health and Welfare.
	100% tenancies maintained.	SouthEast achieved 95.6% in 2010-11, 100% in 2011-12 and 97.5% in 2014-15 compared with 85.1% of similar agencies in 2011-12
	6% evictions (percentage of exits)	There was one eviction in 2014 - 2015. SouthEast achieved no evictions in 2010-11 and in 2011-12 and in 2012-2013 compared with 6% for similar agencies in 2011-12 and 6.2 in 2012-2013
Continue to strengthen the governance of SouthEast through reviewing and improving our governance model and practices	Ongoing Annual Review of governance model and continued improvement and, in particular, implementation of Governance Audit undertaken by UK Co-operative College.	Current reviewed included succession planning, disability modifications, information technology and maintenance feedback. SouthEast established a policy review schedule and has identified key policies due for review in 2013-14 and reviewed the Member Manual that was adopted by the 17 November 2014 AGM AGM also adopted term limits for all directors.  Directors have developed individual development plans. In 2014 board agendas and report formats were reviewed to facilitate board decisions.

**OBJECTIVE 2:** Operate a well-run, adaptive and financially secure organisation that meets the expectations of members, government and other stakeholders.

<b>Priorities 2015-2017</b>	<b>Effectiveness Indicators</b>	<b>Comments</b>
Rules	Maintain and update Rules when necessary.	The Rules were updated to comply with Co-operatives National Law and the new comprehensive Rules were adopted by the AGM 17 November 2014,
Establish clear strategic directions and priorities for SouthEast by refreshing our Strategic Plan and by staying in tune with and adapting to the demands of the changing community housing environment	Annual Review and consideration by board and subsequent general meeting.	Board workshop on Strategic Plan 13 March 2015. Board meeting on 01 May 2015 considered and adopted revised Strategic Plan and this was subsequently submitted to and adopted by the General Meeting of members on 18 May 2015.
Continue to employ skilled and experienced staff necessary for the delivery of high quality services and achieving necessary growth.	80%	Staff turnover in 2013-2014 and 2014 - 2015 was 0%.  With senior staff, in 2010-11 SouthEast staff turnover was 50% and 0% in 2011-12 and 0% in 2012-2013 and 2013-2014 and 2014 - 2015 with 19.6% for similar agencies in 2011-12 and 8.1% in 2012-2013..
	100%	In 2010-11 SouthEast staff turnover was 50% and 0% in 2011-12 and 0% in 2012-2013 and 2013-2014 and 2014 - 2015 with 19.6% for similar agencies in 2011-12 and 14.9% in 2012-2013..
	Review of staff position descriptions	Review initiated April 2013 with the co-operation of CEHL. This was completed in 2015.
	First aid training for all staff	All staff were trained on 1 September 2012. There was a refresher course in 2014. There will be a further refresher course in 2016.
Maintenance	Urgent repairs resolved within 24 hours subject to tenant availability.	94.1% in 2014-2015, 96.2% in 2013-2014 compared with 95.7 (2011-2012) and 95.3% (2012-2013) and similar agencies 97.6% in 2012-2013 SouthEast achieved 100% in 2010-11 and 95.7% in 2011-12 and similar agencies 94.5% Achievement is subject to tenant being available at agreed time and date when trades persons arrive.



Priorities 2015-2017	Effectiveness Indicators	Comments
	Non-urgent repairs within 14 days	95% in 2014-2015, 95.5% in 2013-2014 compared with 98% (2011-2012) and 97% (2012-2013) and similar agencies 96.1% in 2012-2013. SouthEast achieved 100% in 2010-11 and 98% in 2011-12 compared with 93.6% for similar agencies in 2011-12. % Achievement is subject to tenants being available at agreed times and dates when trade persons arrive.
Enhance the financial sustainability of SouthEast	Continued functioning and resourcing of Audit Committee with regular meetings and reports to board and liaison with Auditor.	Achieved in 2014 - 2015. Not a HR KPM but an enhanced SouthEast KPM
	Board to develop policy on income statements required to be submitted by members annually.	This requirement has been incorporated in the New Rules adopted at the November Annual General Meeting.
	Appropriate financial reports presented at board meetings	Achieved in 2014 - 2015. Comprehensive financial reports are presented to each board meeting.
	Quality IT policies and practices - up to date, maintained and secure.	Policy developed and adopted by board. Not a HR KPM - an enhanced SouthEast KPM. This is constantly under review and a report is to be commissioned in 2015-2016 on upgrading particularly software.
	Review MOU with CEHL and identify and work with new partners	MOU with CEHL has been financially beneficial and was reviewed by the board in 2013-2014 and, as a result, both SouthEast and CEHL have recommitted to the MOU.
Regular board meetings	Minimum of 11 board meetings during the year.	SouthEast achieved 100% in 2013-2014 and 2014 - 2015 compared with similar agency 97.2% in 2011-2012
	85% of director attendance at board meetings	SouthEast achieved 83.1% in 2010-11. 82.7% in 2011-12 and 88.9% in 2013-2014 compared with similar agency 84.8%
	Minimise vacancies on board.	Achieved. Not a Housing Registrar KPM - an enhanced SouthEast KPM.
	100% reporting on time DHHS	Achieved. Not a Housing Registrar KPM - an enhanced SouthEast KPM.
	100% reporting on time HR	Achieved. A Housing Registrar requirement but not a KPM - an enhanced SouthEast KPM.
	100% reporting on time CAV	Achieved. Not a Housing Registrar KPM - an enhanced SouthEast KPM.
	100% compliance with performance standards for HR Annual Review	Achieved. A Housing Registrar requirement but not a HR KPM - an enhanced SouthEast KPM.

Priorities 2015-2017	Effectiveness Indicators	Comments
	No tenants owing more than 8 weeks	In 2010-11, 2011-12, 2012-2013 and 0.6% in 2013-2014. 0% in 2014-2015 compared with 1.2% for similar agencies in 2012-13.
	7% average of members in arrears greater than 14 days over 12 months.	SouthEast met this in 2011-2012, 2012-2013 and 2013-2014. Not a Housing Registrar KPM - an enhanced SouthEast KPM.
	100% of complaints resolved within 30 days	100% compliance with no complaints in 2011-12, 2012-2013, 2013-14 but not in 2014-2015 compared with 40% resolved in 2010-11 and similar agencies 82.5% in 2012-13
	80% of complaints resolved within 21 days	Achieved in 2011-2012, 2012-13, 2013-14 but not in 2014-2015. Not a Housing Registrar KPM- an enhanced SouthEast KPM.
	100% of complaints resolved	Achieved in 2011-2012, 2012-13, 2013-14 and two complaints were not resolved in 2014-15. Not a Housing Registrar KPM- an enhanced SouthEast KPM.
Structure	GP to undertake and complete a review of membership demographics including retirement provisions and numbers.	This is to be undertaken in 2015 - 2016.
Education and Training	GP to review induction process.	This is to be undertaken in 2015 - 2016.
	GP to review Member Manual education and training opportunities for members.	The process has been initiated by GP and will be further developed in 2015 - 2016.
Surveys	30% of members responding to member satisfaction survey	The response rate to the 2014-2015 member satisfaction survey was 46%.  Not a Housing Registrar KPM - an enhanced SouthEast KPM.
	90% tenancy satisfaction with housing services	2014-2015 survey of members reported 93.33% were very satisfied or fairly satisfied with tenancy services.  In 2010-11 SouthEast achieved 79.3% and in 2011-12 89.4% with similar agencies achieving 90% in 2011-12. In 2012-13 90.80% (79) were either Very satisfied or Fairly Satisfied with Housing Services. No figures are available for 2013-2014. The Australian Institute of Health and Welfare reports that tenant satisfaction with services provided by housing organisations was (a) indigenous - public housing 56% and community housing 67% (b) non-indigenous - public housing 65% and community housing 74%. Satisfaction of 65% for public housing was down from 73% in 2010. Satisfaction of 74% for community housing was down from 79% in 2010.



**OBJECTIVE 3:** Develop a well- informed, engaged and committed membership

<b>Priorities 2015-2017</b>	<b>Effectiveness Indicators</b>	<b>Comments</b>
	80% tenants satisfied with consideration of views	<p>2014-2015 survey reported 90.66% of members were very satisfied or fairly satisfied with consideration of views.</p> <p>In 2010 - 11 SouthEast achieved 82.8% and in 2011-12 78.8% with similar agencies achieving 84.4% in 2011-12 In 2012-13 86.36% (76) were either Very Satisfied or Fairly Satisfied with Consideration of Views.</p>
Meetings	40% of members attending general meetings	Achieved in 2012-13. Not a Housing Registrar KPM - an enhanced SouthEast KPM.
	Two general meetings of members over a 12 month period.	Achieved in 2012-13 and 2013-2014 and 2014 - 2015. Not a Housing Registrar KPM - an enhanced SouthEast KPM
	70% of participants completing meeting evaluation survey.	<p>AGM 17 November 2014 - 80% of members attending completed meeting evaluation survey.</p> <p>GM 18 May 2015 - 99.30% of members attending completed meeting evaluation survey.</p> <p>Achieved in 2014-2015. Not a Housing Registrar KPM - an enhanced SouthEast KPM.</p>
	70% of respondents to meeting evaluation surveys providing a very helpful and helpful	<p>AGM 17 November 2014 - members providing very helpful and helpful responses 87.8% (information), 83% (discussion) and 90.02% ( presentation).</p> <p>GM 18 May 2015 - members providing very helpful and helpful responses - 97.21% (information), 94.43% (presentation) and 61.11% (discussion).</p> <p>Achieved mainly in 2014-15 Not a Housing Registrar KPM - an enhanced SouthEast KPM.</p>
	60% of respondents to meeting evaluation surveys providing a very helpful overall rating	<p>AGM 17 November 2014 - members providing a very helpful response - 46.3% (information), presentation (43.9%) and discussion (31.7%). Overall rating was 53.7% Very Good and 34.1% Good.</p> <p>GM 18 May 2015 members providing a very helpful response - 66.66% (information), 55.55% (presentation) and 36.11% (discussion).Overall rating was 63.58% Very Good and 30.55% Good.</p> <p>Achieved in 2014-15 only information at GM 18 May 2015. Not a Housing Registrar KPM - an enhanced SouthEast KPM.</p>
Communications	Web site - regular updates and continued relevant.	Achieved in 2014-15 with web site redesigned and relaunched. Not a Housing Registrar KPM - an enhanced SouthEast KPM. Work will continue on increasing information on and the accessibility of the site.

<b>Priorities 2015-2017</b>	<b>Effectiveness Indicators</b>	<b>Comments</b>
	30% increase in number of unique visitors, visits and hits to web site	Exceeded in 2014 - 2015. Not a Housing Registrar KPM - an enhanced SouthEast KPM.
	Housing Futures newsletter - regular publication and continued relevance with production upgrade in 2015	Achieved in 2014-15. Not a Housing Registrar KPM - an enhanced SouthEast KPM.
	Provision of two social/education events over 12 months.	Two events were conducted in 2013-2014.

**OBJECTIVE 4:** Seek to ensure long-term viability and visibility of SouthEast to DHHS and other stakeholders and decision-makers as part of promoting and strengthening the co-operative housing model.

<b>Priorities 2015-2017</b>	<b>Effectiveness Indicators</b>	<b>Comments</b>
Develop a marketing plan.	Development of marketing plan	Initial work on branding has been undertaken and in the latter part of 2014-2015 branding activities have expanded with proposals for SouthEast banners, presentation folders and co-operative home fridge magnets. Submission template has been developed.
	Increased CHFV recognition of co-operatives.	General Manager was appointed to the board of CHFV until 2015.
	Continued participation in CHFV Co-operatives Working Party.	General Manager attended, and in 2013 Chaired the Co-operatives Working Party.
Promote co-operative housing models in the wider community	Continued promotion of co-operative model.	<p>Submissions have been made to:</p> <p><b>2015</b>  <i>Progressive Concessions</i>            Response to Re:Think Tax Discussion Paper (March 2015)            29 May 2015</p> <p><i>Disappointing Affordability</i>            Federal Labor Discussion Paper on Housing Affordability            1 May 2015</p> <p><b>2014</b>            Draft Greater Dandenong Affordable Housing Submission            Revised Welfare Review Submission</p> <p>Senate Inquiry into Affordable Housing</p>



### OBJECTIVE 5: Pursue opportunities for growth in the range and level of affordable housing available primarily through SouthEast

<b>Priorities 2015-2017</b>	<b>Effectiveness Indicators</b>	<b>Comments</b>
Take up any opportunities for growth in appropriately sized properties to meet our tenant demographics.	Achieving growth beyond 159 properties and increase SouthEast ownership	Two additional properties feasible, subject to DHHS approval of First Street Development - building three units on s previous one unit property DHHS approval pending. Development proposal approved by local council. Development in partnership with CEHL.
Develop a Growth Options Paper	Presentation of paper to June 2015 board meeting.	Not achieved but paper to be developed early in 2015-2016.
Provide regular Growth Options Reports to Board	Quarterly Reports to board meetings in August and November 2015 and February 2016	First report to be presented in August 2015.
Growth Options Reports to detail steps towards growth options		Will be presented in first report in August 2015.

### OBJECTIVE 6: Maximum utilisation of our properties.

<b>Priorities 2015-2017</b>	<b>Effectiveness Indicators</b>	<b>Comments</b>
Purchase and/or build downsized properties	Number of tenants moving to downsized properties.,	In 2014-2015 one member downsized.
Provision of financial incentives for downsizing.	Number of tenants taking up downsizing financial incentives.	1
Promotion and education of downsizing.	Promote in Housing Futures, web site and General Meetings.	Will be promoted in 2015-2016.

## Key Performance Measures (KPM) Data: at 30 June 2015

KPM		SouthEast 2012-13	SouthEast 2013-14	SouthEast 2014-15	Similar agencies 2014-15
1	Regular board meetings	100%	100%	100%	98.5%
2	Active board members	88.9%	88.9%	94.05%	88.4%
3	Business plan and budget approval finalised within reasonable timeframe	Yes	Yes	yes	N/A
4	Staff turnover	0%	0%	0%	14.9%
5	Senior staff turnover	0%	0%	0%	19.6%
6	Turnaround time	17 days	10 days	12 days	8 days
7	Rent outstanding from current tenants	0.6%	0.8%	0.4	1.0%
8	Arrears written off as bad debt	0.1%	0	0	1.3%
9	Evictions (percentage of exits)	0	0	1	6.0%
10	Tenancies maintained	95.6%	100%	97.5%	85.1%
11	Current tenants owing more than 8 weeks	0	0	0	
12	Complaints from tenants/ prospective tenants resolved within 30 days.	40.0%	0	0	82.5%
13	Tenants satisfaction - housing services	90.80%	89.4%	93.3%	90.0%
14	Tenants satisfaction - consideration of views	86.36%	78.8%	90.7%	84.4%
15	Urgent repairs resolved in 24 hours	95.3%	95.7%	94.1%	94.5%
16	Non-urgent repairs resolved with 14 days	97.0%	98%	95.2%	93.6%
17	Tenant satisfaction - maintenance	84.88%	81.8%	82.7%	83.5%



# Co-operative Homes

Co-operatives homes managed or owned by SouthEast Housing Co-operative Ltd.



# SouthEast Housing Co-operative Ltd

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## Agency details

Name:	SouthEast Housing Co-operative Limited
Registration Category:	Housing Provider
Registration Date:	21 November 2008

## Agency contacts

General Manager:	Mr Ian McLaren (until 8 July 2015)
A/Manager (Operations):	Joy Haines (from 15 June 2015)
A/Manager (Governance):	David Griffiths (from 15 June 2015)
Chairperson:	Ms Andrea Lee
Address:	The Hub, Plaza Business Centre Level 3, 26 to 36 McCrae St. (Palm Plaza) Dandenong 3175 (PO Box 7141)
Office phone number:	(03) 9706 8005
Twitter:	<a href="http://twitter.com/SEHCOOP">http://twitter.com/SEHCOOP</a>
Website:	<a href="http://www.sehc.org.au">www.sehc.org.au</a>

## Agency mission

Our mission is to provide affordable, secure and financially and environmentally sustainable housing for people on low incomes primarily in the south and east of Melbourne who are committed to co-operative democracy and engagement.



## KEY STATISTICS AS AT 30 JUNE 2015

<b>MEMBERS</b>	159
<b>MEMBERS AND THEIR FAMILIES</b>	440
<b>HOUSING PROPERTIES UNDER MANAGEMENT</b>	Total: 160 Long term: 160 Transitional: 0 Crisis: 0
<b>PROPERTIES IN AGENCY OWNERSHIP</b>	10
<b>STAFFING</b>	Total: 6 Total EFT: 5.4
<b>ASSETS</b>	\$4.8M (As at end of 30 June 2015)
<b>EQUITY</b>	\$4,078,960 (As at year ended 30 June 2015)
<b>ANNUAL TURNOVER</b>	\$1.8M
<b>OPERATIONAL SURPLUS</b>	\$300K (As at year ended 30 June 2015)

### Scope of operations

Housing: Long term Affordable Housing Management for 150 DHHS and 10 SouthEast properties.

**Housing support services:** Not funded for housing support though members receive supportive services and are encouraged to be self-supportive as co-operative members.

**Other services:** Not funded for other services though members receive capacity building and sustainability resourcing.

**Target group/s for housing:** Low income households. Of 138 members 41 were working and 97 were in receipt of various payments such as Aged Pension, Disability Support Pension and Newstart.

DHS regions covered by housing and housing support services: Southern and Eastern Metro Regions.

### Profile of housing portfolio

SouthEast manages 150 properties for the Director of Housing and owns 10 properties-a total of 160 properties.

Properties are mainly in Bentleigh East, Cheltenham, Clarinda, Clayton, Croydon, Frankston, Mooroolbark and Oakleigh.

### Key partnerships

The agency has relationships with; The Community Housing Federations of Victoria and Australia; Common Equity Housing Limited and Co-operatives Victoria.

### Agency history

SouthEast was founded through the merger of the Ringwood/Croydon, Oakleigh and Frankston Co-operatives in 2000.

The Moorabbin Rental Housing Co-operative ceased trading and became part of the organisation in 2004. SouthEast is the largest Rental Housing Co-operative in Victoria.

# Co-op Housing - Australia and the UK

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An extension of the speech by Ian McLaren, the former General Manager, SouthEast Housing Co-operative Ltd, given at the SouthEast Housing Co-operative Ltd AGM 17 November 2014

The co-operative housing sector in the UK is small in relation to other forms of housing provision - the percentage of co-operative housing is 0.6%.

*The UK has approximately 24 million households:*

- 17 million (70%) home ownership sector.
- 7.58 million households in rented accommodation-approximately 3.6 million local councils and 1.58 million not for profit housing associations.

In the UK there are less than ten thousand co-operatively owned and managed homes. In the council housing sector, co-operative management by tenants has grown in recent years. Since the introduction of a statutory Right to Manage in 1994, 170,000 council tenants have formed tenant management organisations to manage their homes, the majority of which are co-operatives. But, while the role of co-operative management has grown, tenants who manage their own homes co-operatively under management agreements with their local authority represent less than 5% of the total council housing stock.

*There are four types of housing co-operatives in the UK :*

- Tenant ownership co-operatives (often called par-value co-ops)
- Tenant management co-operatives
- Short-life housing co-operatives
- Self build co-operatives

Co-operative housing is small in the UK but larger than co-operative housing in Australia.

*What are the similarities between housing co-operatives in Australia and the UK?*

- A commitment to co-operative values and principles.
- A small sector within social housing.
- Decreased membership participation.
- An ageing membership.
- Low turnover of tenant members.
- A shortage of one and two bedroom properties.
- Limited growth opportunities.

*What are the differences between housing co-operatives in Australia and the UK?*

- Co-operatives own their properties.
- No UK Government ownership of social housing.
- A universal flat rate rental charge that is approximating 80% of market rent.
- A Housing Benefit that pays up to 100% of the market rent in the social housing and private rental markets.

*We are not alone.*

Australian and UK housing co-operatives share the same philosophy and values. Australian and UK housing co-operatives have similar challenges membership, participation and growth.

Two of the co-operatives visited were Rochdale Boroughwide and Redditch Co-operative Homes.

*“The benefits  
of co-operative  
housing are  
generated  
by the active  
participation of  
members”*



left- Former General Manager Ian McLaren at the Rochdale  
Pioneers Museum



Co-operative housing provided by Rochdale Boroughwide Housing



### Rochdale Boroughwide co-operative

The Rochdale Boroughwide co-operative was formed in 2011 after the residents of Rochdale Council housing voted 76% in favour of transferring the ownership of the council properties to co-operative ownership.

There are 13,500 properties, a staff of about 600 and 3000 of 14,000 tenants have joined as tenant members. Staff can also be members of the co-operative.

#### *Rochdale Boroughwide has a Representative Body comprised of 15 elected Tenant Representatives,*

- Eight elected Employee Representatives
- Three appointed Representatives from Tenant Management Organisations,
- Two Representatives appointed by Rochdale Council
- Three appointed Representatives from external organisations.

The main role of the Representative Body is to set the policy framework within which the Board of Directors implements policy. The Representative Body is independent of the Chief Executive and Board. The responsibilities of the Representative Body include setting the society's policy framework and appointing (and removing) the Board of Directors.

### Board

The Board is made up of 8 non-executive directors (this means that they are volunteers and are not paid employees) and 2 executive directors (who are employed by RBH).

Redditch Co-operative Homes comprises five self-managed co-operatives - Pioneer Housing Co-operative, Riverside Housing Co-operative, Winyates Co-operative, Breedon Housing Co-operative and Redditch Co-operative 2000.

Redditch has 300 properties and a board of 11 which includes five tenants.

Redditch is the largest provider of new-build co-operative housing in the UK.

Redditch is part of the ACCORD Group which provides affordable housing, health and social care to almost 80,000 people. Affordable housing includes 13,000 properties.

The Group was also the first housing association in the country to open our own timber frame homes factory. Called LoCaL Homes (Low Carbon Living), the factory produces 200 low carbon, timber homes each year.

Participation is a challenge for UK housing co-operatives - as it is in Australia. Encouraging active participation of members to control the co-operative is vital to SouthEast - and all co-operatives.

The benefits of co-operative housing are generated by the active participation of members. If members are not willing to invest time and energy in the democratic governance of their co-operative, the benefits will not be achieved.

#### *It is vital that SouthEast encourage members to actively participate. This involves:*

- Welcoming new members into the co-operative and explaining to them how they can participate in the democratic decision making of SouthEast.
- Keeping members informed through the Housing Futures newsletter, the web site and Twitter and through good quality information about general meetings.
- Offering members the opportunity to take part in education programmes to learn the skills needed to serve on the board.

## FURTHER READING

- Birchall, Johnston. *Building Communities: the co-operative way*, Routledge & Kegan Paul (1988)
- Birchall, Johnston *What Makes People Co-operate? Strategy for Member Participation in Housing Co-operatives*, Headington P, January (1989)
- Bliss, Nic (Ed) (2009) *Bringing Democracy Home*, Commission on Co-operative and Mutual Housing, UK.
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- Campbell, Harold (1961) *Housing Co-ops and Local Authorities*, Co-operative Union Ltd
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# Services Charter

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## Our Mutual Roles and Obligations

### Our Mission Statement

Our mission is to provide affordable, secure and financially and environmentally sustainable housing for people on low incomes primarily in the South and East of Melbourne who are committed to co-operative democracy and engagement.

SouthEast and members are expected to be honest, fair, courteous, helpful and reasonable and to comply with the Co-operatives Act, the Rules, Residential Tenancies Act, Privacy Act, and SouthEast's Member Manual and the International Co-operative Alliance's principles.

### Our Services

SouthEast is committed to security of tenure for all members and is also committed to accountability and transparency in service provision through:

- Keeping the membership informed through the newsletter, General Meetings, Member Forums, our web site and other methods as required;
- Consulting with members on significant matters affecting the co-operative and/or tenancy
- Submitting significant changes to the co-operative and/or tenancy to a general meeting of members
- Providing a high quality service which will be continually improved;
- Notifying members in advance regarding inspections and trades people visits;

- Developing, maintaining and publicly releasing organisational performance indicators
- Endeavouring to answer requests on the spot and respond to enquiries within two working days; and having the office staffed 9.00am to 5.00pm during working days.

### Our Members

We ask that our members accept the obligations of membership and the autonomy and independence of the co-operative through

- Advising SouthEast in writing of any change in tenancy details;
- maintaining their property in good order
- Paying rent on time
- Not performing works at their property that are not in keeping with the requirements of the Residential Tenancies Act and the SouthEast Member Manual;
- Letting us know if requiring an interpreter;
- Being available at agreed times for inspections and trades people visits;
- Understanding and respecting the legal compliance requirements of SouthEast
- attending meetings of members; and
- Providing and completing all relevant SouthEast tenancy data information and all surveys in a timely manner.
- Advise if you have a complaint, provide the date and times of the circumstances you wish to complain about and specify how you would like to see the complaint resolved

# Acknowledgements

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The board would like to thank: former and current directors for contributing to improving the governance of the cooperative; the General Manager for his leadership contribution; all staff for their continued delivery of high quality services and their unfailing commitment and professionalism; and members who remain in good standing with the co-operative through their tenancy, attending general and other member meetings; and responding to member surveys.

We would also like to thank other key stakeholders in the co-operative who have varying degrees of influence on what we do, what we can do and what we can't do:

- The tradies who provide the maintenance services
- Common Equity Housing Limited (CEHL)—for guidance and, in particular, cost savings
- Community Housing Federation of Victoria Ltd (CHFV)
- Officers of Department of Health and Human Services
- Officers of the Housing Registrar
- Suppliers of goods and services required for the functioning of SouthEast including Kwik Copy.



# SouthEast Board and Committee Attendance

## 2014-2015 Financial Year

### Audit (total meetings = 2)

Member	Attend (%)	Apology
STEVEN GRANGE	100	-
STEVE KROPF	100	-
DARCY SMITH	0	2
Staff	Attend (%)	Apology
IAN MCLAREN (GM AND GUEST)	100	-

### Business and Finance (total meetings = 7)

Member	Attend (%)	Apology
JAN DICKSON	100	-
DEBBIE DIOGUARDI	57.14	3
SHIRLEY FARAM	85.7	1
TRACEY HALL	85.7	1
Staff	Attend (%)	Apology
IAN MCLAREN (GM)	100	-
DALE CARROLL (MINUTES)	57.14	3

### Notes:

Absences without apology for all committees and board were nil.. The scheduled ordinary April board meeting was held on May 01 2014.. The rules state there shall be nine board member director positions and up to two independent directors. Scheduled board meetings totals = 11. The General Manager was on extended leave from June 2015. There was no Governance and Policy meeting in June 2015. There was an extraordinary board meeting in June 2015 and attendance data is excluded

### Board Meetings (total meetings: Ordinary = 11, Extraordinary = 1)

Member	Attend (%)	Apology
JAN DICKSON	100	-
DEBBIE DIOGUARDI	90.90	1
SHIRLEY FARAM	100	-
STEVE GRANGE	81.81	2
TRACEY HALL	100	-
GAYLE KOUBWERE	81.1	2
STEVE KROPP	81.1	2
ANDREA LEE	100	-
GREG NOLAN	100	-
Staff	Attend (%)	Apology
IAN MCLAREN (GM)	100	-
DAVID GRIFFITHS	100	-

### Governance and Policy (total meetings = 9)

Member	Attend (%)	Apology
JAN DICKSON	88.88	1
SHIRLEY FARAM	100	-
GAYLE KOUBWERE	55.6	4
ANDREA LEE	88.88	1
GREG NOLAN	100	-
Staff	Attend (%)	Apology
IAN MCLAREN (GM)	77.77	2
DAVID GRIFFITHS (MINUTES)	100	-

# SouthEast web site links

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## Annual Reports

<http://www.SouthEast.org.au/index.php/publications/annual-report>

## Board public records of meetings

<http://www.SouthEast.org.au/index.php/board/public-records>

## Co-operators book

<http://www.SouthEast.org.au/index.php/publications/co-operators>

## Housing Futures newsletter

<http://www.SouthEast.org.au/index.php/publications/newlsetter>

## Housing Registrar reports on SouthEast

<http://www.SouthEast.org.au/index.php/publications/housingregistrar>

## Governance and Member Manuals

<http://www.SouthEast.org.au/index.php/publications/manuals>

## Maintenance

<http://www.SouthEast.org.au/index.php/services/maintenance>

## Mission

<http://www.SouthEast.org.au/index.php/about-us/mission>

## Objectives

<http://www.SouthEast.org.au/index.php/about-us/objectives>

## Rules

<http://www.SouthEast.org.au/index.php/publications/rules>

## Services Charter

<http://www.SouthEast.org.au/index.php/services/services-charter>

## Strategic Directions

<http://www.SouthEast.org.au/index.php/about-us/strategic>

## Tenancy

<http://www.SouthEast.org.au/index.php/services/tenancy>

# Statistics

## Web Site

The SouthEast web site was established on 3 June 2012. <http://www.sehc.org.au>

Web site statistics for the period:

3 June 2012 -30 June 2013, 1 July 2013 - 30 June 2014 and 1 July 2014 - 30 June 2015.

	2012-2013	2013 - 2014	2014-2015	2012-2015
<b>VISITORS</b>	2012	2642	4369	9023
<b>VISITS</b>	2966	3400	5268	11,634
<b>PAGE VIEWS</b>	11, 287	10512	13,878	35,677

## SouthEast on Twitter

SouthEast established a Twitter account on 3 April 2013. <https://twitter.com/SouthEastOOP>

	30 June 2013	30 June 2014	30 June 2015
<b>TWEETS</b>	82	204	257
<b>FOLLOWERS</b>	170	372	493

## SouthEast on YouTube

SouthEast published three films on YouTube on 28 February 2012

<i>Films</i>	<i>Link and Duration</i>	<i>Total YouTube views at 30 June 2013</i>	<i>Total YouTube views at 30 June 2014</i>	<i>Total YouTube views at 30 June 2015</i>
<b>THE OTHER WAY HOME</b>	<a href="http://youtu.be/9R4ZCACLgJE">http://youtu.be/9R4ZCACLgJE</a> 12m 41s	1387	1550	1636
<b>THE TRAILER</b>	<a href="http://youtu.be/z1Y813L-xR4">http://youtu.be/z1Y813L-xR4</a> 2m	1024	1072	1099
<b>ADVERTORIAL - CO-OPERATION WORKS</b>	<a href="http://youtu.be/x59NDnT3apo">http://youtu.be/x59NDnT3apo</a> 30s	954	988	1011
<b>TOTAL VIEWS</b>		3365	3610	3746

# Co-operative identity, values & principles

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## Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

## Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

### 1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### 2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

### 3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### 4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### 5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

### 6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

### 7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.



# MEDIA



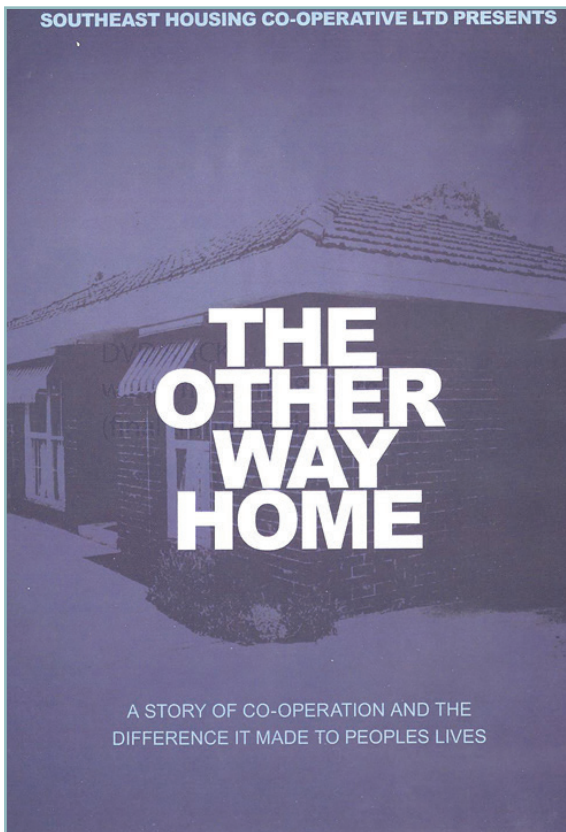
## THE PHOENIX

A history of the SouthEast Housing Co-operative Ltd since its formation in 2000 - the early years, threats and opportunities, adaptation and change and milestones. In 2015 the co-operative has 160 properties, 159 members and a total population of over 400 people. It is the largest autonomous rental housing co-operative in Australia. Written by David Griffiths and published by the SouthEast Housing Co-operative Ltd in 2010.



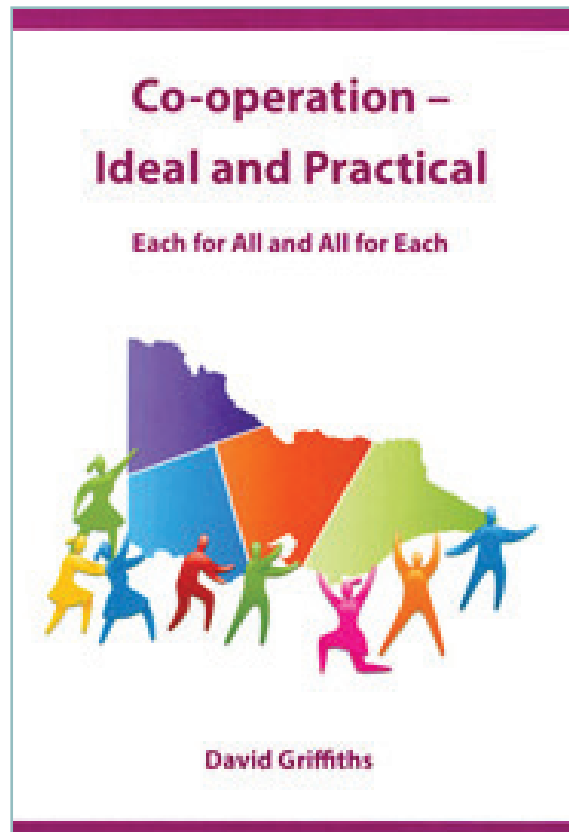
## CO-OPERATOR - CO-OPERATION AND CO-OPERATIVES

A collection of contributions by members and staff about their experiences of co-operation and co-operatives. Most of the contributors are involved with housing co-operatives - the biggest grouping of co-operatives in the Australian state of Victoria with 120 co-operatives with 2500 members and over 6000 people. Edited by David Griffiths and published by the SouthEast Housing Co-operative Ltd in 2012.



### THE OTHER WAY HOME

The Other Way Home tells the personal stories of people who live and work in a rental housing co-operative - the SouthEast rental Housing Co-operative Ltd in Dandenong, Victoria. Award-winning documentary director William Head focuses his lens on this relatively unknown solution for low income housing. The film explores a model that promotes self-determination and offers a real alternative to both private and public sector housing. Commissioned by the SouthEast housing Co-operative Ltd in 2012.



### CO-OPERATION - IDEAL AND PRACTICAL

Co-operatives Victoria has released a new book on its work over the last ten years - and its challenges, achievements and failures. The book is about the theory and reality of the Co-operative values and principles. The idea for the book came from Co-operatives Victoria director Shirley Faram - a delegate from the SouthEast Housing Co-operative Ltd. Written by David Griffiths and published by Co-operatives Victoria in 2014.

**SOUTHEAST HOUSING CO-OPERATIVE LTD**  
**ABN 51 286 919 868**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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## DIRECTORS' REPORT

Your directors present their report on the Co-operative for the financial year ended 30 June 2015.

### Directors

The names of the directors in office at any time during or since the end of the financial year are:

Shirley Faram  
Tracey Hall  
Steve Kropf  
Andrea Lee  
Jan Dickson  
Debbie Dioguardi  
Greg Nolan  
Gayle Koubwere  
Steven Grange

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

### Operating Results

The profit of the Co-operative for the financial year amounted to \$365,305 (2014: \$412,374).

### Review of Operations

A review of the operations of the Co-operative during the financial year and the results of those operations found that during the year, the Co-operative continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

### Significant Changes in State of Affairs

No significant changes in the state of affairs of the Co-operative occurred during the financial year.

### Principal Activity

The primary activities of the Co-operative in the course of the financial year were the provision of low cost rental accommodation to eligible tenants. No significant change in the nature of these activities occurred during the year.

### Events After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which 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 future financial years.

### Likely Developments

The likely future developments in the operations of the Co-operative are the continuation of the principal activities set out in this report, and venture into the management of properties.

### Environmental Issues

The Co-operative's operations are not regulated by any significant environmental regulation under the law of the Commonwealth or of a State or Territory.

### Dividends Paid or Recommended

The Co-operative cannot pay dividends.

### Options

The Co-operative has not during the course of the year or since the end thereof granted to a person a formal option to have issued to him/her shares in the Co-operative or any controlled entity. The Co-operative cannot issue shares.

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**DIRECTORS' REPORT (Continued)**

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**Indemnification of Officer or Auditor**

The Co-operative has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Co-operative or a related owners' corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

**Proceedings on Behalf of the Co-Operative**

No person has applied for leave of Court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

The Co-operative was not a party to any such proceedings during the year.

**Directors' and Executives' Benefits and Contracts**

Since the end of the previous financial year no Director or Executive of the Co-operative has received or become entitled to receive a benefit, other than:

- a) a benefit included in the aggregate amount of emoluments received or due and receivable by Directors/Executives shown in the accounts, or
- b) the fixed salary of a full-time employee of the Co-operative or of a related owners' corporation,

by reason of a contract made by the Co-operative or a related body corporate with the Director or with a firm of which he/she is a member, or with a Company in which he/she has a substantial financial interest

The following payments for director's attendance fees totalling \$13,200 were made during the year:  
These amounts exclude other payments as detailed in Note 3(a) Directors expenses.

Shirley Faram	\$2,000	Andrea Lee	\$2,100
Tracey Hall	\$1,400	Greg Nolan	\$1,500
Debbie Dioguardi	\$1,300	Steve Kropf	\$1,100
Jan Dickson	\$1,500	Steven Grange	\$1,100
Gayle Koubwere	\$1,200		

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

  
\_\_\_\_\_  
Shirley Faram

  
\_\_\_\_\_  
Tracey Hall

Dated this 12<sup>th</sup> day of October 2015

**SOUTHEAST HOUSING CO-OPERATIVE LTD**  
ABN 51 286 919 868

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>Continuing operations</b>			
Revenue	2	1,743,584	1,729,966
Other revenue	2	42,113	27,304
Employee benefits expense		(560,963)	(550,313)
Depreciation and amortisation expense		(62,918)	(66,295)
Occupancy expenses		(82,414)	(97,721)
Property expenses		(600,842)	(590,265)
Administration expenses		(113,255)	(99,280)
<b>Profit before income tax</b>	3	365,305	353,396
Income tax expense	1(b)		
<b>Profit for the year</b>		<u>365,305</u>	<u>353,396</u>
<b>Other comprehensive income:</b>			
<i>Items that will not subsequently be reclassified to profit or loss</i>			
Net gain on revaluation of land and buildings		0	58,978
<b>Other comprehensive income for the year</b>		<u>0</u>	<u>58,978</u>
<b>Total comprehensive income for the year</b>		<u>365,305</u>	<u>412,374</u>
<b>Profit attributable to:</b>			
Members of the Co-operative		365,305	353,396
<b>Profit for the year</b>		<u>365,305</u>	<u>353,396</u>
<b>Total comprehensive income attributable to:</b>			
Members of the Co-operative			
<b>Total comprehensive income for the year</b>		<u>365,305</u>	<u>412,374</u>

The accompanying notes form part of these financial statements.

**SOUTHEAST HOUSING CO-OPERATIVE LTD**  
ABN 51 286 919 868

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	Note s	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,841,222	1,411,716
Trade and other receivables	5	35,950	46,098
Other current assets	6	31,145	33,056
<b>TOTAL CURRENT ASSETS</b>		<u>1,908,317</u>	<u>1,490,870</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,908,076	2,968,009
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,908,076</u>	<u>2,968,009</u>
<b>TOTAL ASSETS</b>		<u>4,816,393</u>	<u>4,458,879</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	280,743	291,969
Provisions	9	83,991	69,817
<b>TOTAL CURRENT LIABILITIES</b>		<u>364,734</u>	<u>361,786</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	9	7,393	18,133
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>7,393</u>	<u>18,133</u>
<b>TOTAL LIABILITIES</b>		<u>372,127</u>	<u>379,919</u>
<b>NET ASSETS</b>		<u>4,444,266</u>	<u>4,078,960</u>
<b>EQUITY</b>			
Members' funds		3,244,292	2,878,987
Reserves		1,199,973	1,199,973
<b>TOTAL EQUITY</b>		<u>4,444,266</u>	<u>4,078,960</u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Retained Earnings \$</b>	<b>Cyclical Maintenance Reserve \$</b>	<b>Revaluation Reserve \$</b>	<b>Total attributabl e to members of the Co-operati ve \$</b>
Balance at 1 July 2013	2,640,591	30,000	995,995	3,666,586
Profit for the year	353,396	-		353,396
Other comprehensive income	-	-	58,978	58,978
Total comprehensive income for the year	353,396	-	58,978	412,374
Transfers	(115,000)	115,000		
	-	-	-	-
<b>Balance at 30 June 2014</b>	<b>2,878,987</b>	<b>145,000</b>	<b>1,054,973</b>	<b>4,078,960</b>
Balance at 1 July 2014	2,878,987	145,000	1,054,973	4,078,960
Profit for the year	365,305	-	-	365,305
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	365,305	-	-	365,305
Transfers	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>3,244,292</b>	<b>145,000</b>	<b>1,054,973</b>	<b>4,444,265</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 \$	2014 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from tenants and government agencies		1,721,524	1,728,092
Payments to suppliers and employees		(1,354,040)	(1,159,415)
Interest received		35,458	26,459
Finance costs		-	-
<b>Net cash provided by operating activities</b>	10	402,942	595,136
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sales of property, plant and equipment		-	-
Payments for property, plant and equipment		(2,985)	(27,140)
<b>Net cash used in investing activities</b>		(2,985)	(27,140)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		-	-
<b>Net cash used in financing activities</b>		-	-
Net increase in cash and cash equivalents		429,506	567,996
Cash and cash equivalents at beginning of financial year		1,411,716	843,720
<b>Cash and cash equivalents at end of financial year</b>	4	1,841,222	1,411,716

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial reporting framework**

The directors' have prepared the financial statements on the basis that the Co-operative is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets. The accounting policies that have been adopted in the preparation of the statements are as follows:

**Accounting Policies**

**(a) Property, Plant and Equipment**

Property, plant and equipment is brought to account at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation and any impairment in value. The carrying amount of property, plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount.

The carrying values of plant and equipment are also reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any impairment exists, the assets are written down to their recoverable amount and the loss recognised in the statement of comprehensive income.

The depreciable amount of all fixed assets including buildings, but excluding freehold land, are depreciated over their useful lives commencing from the time the asset is held ready for use. Rates of depreciation vary between 2.5% and 25%.

Expenditure incurred in the maintenance and enhancements for properties managed by the Co-operative are expensed in the period it is incurred.

*Impairment of Assets*

At each reporting date, the Co-operative reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Co-operative would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

Where it is not possible to estimate recoverable amount of an individual asset, the Co-operative estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Income Tax**

The Co-operative is a not for profit organisation and as such is exempt from paying income tax.

**(c) Employee Entitlements**

Provision is made in respect of the Co-operative's liability for annual leave and long service leave at balance date. Long service leave is accrued on a pro rata basis in respect of all employees with more than one year's service with the Co-operative.

Contributions are made by the Co-operative to an employee superannuation fund and are charged as expense when incurred. The Co-operative has no legal obligation to provide benefits to employees on retirement.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and which are subject to insignificant risk of changes in value. Bank overdrafts are included in current liabilities on the statement of financial position.

**(e) Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Rental income is recognised in accordance with the respective tenancy agreement.

Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

**(f) Debtors**

Before the statement of comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ascertain what action had been taken in relation to the writing off of bad debts and caused all known bad debts to be written off and adequate provisions to be made for doubtful debts.

At the date of this report the Directors are not aware of any circumstances which render the amount written off for bad debts or the amount provided for doubtful debts inadequate to any substantial extent.

**(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**(h) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Co-operative.

*Key estimates – Impairment of plant and equipment*

The Co-operative assesses impairment at each reporting date by evaluating conditions specific to the Co-operative that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. No impairment has been recognised in respect of plant and equipment for the year ended 30 June 2015.

**(j) Adoption of New and Revised Accounting Standards**

During the current year, the Co-operative has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not had a significant impact on the financial statements of the Co-operative.

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

***Standards affecting presentation and disclosure***

AASB CF 2014-1 'Amendments to the Australian Conceptual Framework' and AASB2014-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)	<p>This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors.</p> <p>As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Adoption of New and Revised Accounting Standards (continued)**

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

***Standards affecting presentation and disclosure***

AASB 1031 'Materiality',  
AASB 2013-9 'Amendments  
to Australian Accounting  
Standards' – Conceptual  
Framework, Materiality and  
Financial Instruments' (Part  
B: Materiality), AASB 2014-  
1 'Amendments to  
Australian Accounting  
Standards' (Part C:Materiality)

- The revised AASB 1031 is an interim standard that cross references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality.

The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the amounts recognised in the Company's financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Adoption of New and Revised Accounting Standards (continued)**

***Standards and Interpretations in issue not yet adopted***

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9: Financial Instruments and the relevant amending standards <sup>1</sup>	1 January 2017	30 June 2018
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

The reported results and position of the Co-operative will not change on adoption of these pronouncements as they do not result in any changes to the Co-operative's accounting policies. The Co-operative does not intend to adopt any of these pronouncements before their effective dates.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>NOTE 2: REVENUE AND OTHER INCOME</b>			
<b>Revenue</b>			
- Rent received		1,743,584	1,729,966
		<u>1,743,584</u>	<u>1,729,966</u>
<b>Other revenue</b>			
- Interest income – other persons		35,458	26,459
- Other revenue		6,655	845
		<u>42,113</u>	<u>27,304</u>
Total revenue and other income		<u><u>1,785,697</u></u>	<u><u>1,757,270</u></u>
<b>NOTE 3: PROFIT FOR THE YEAR</b>			
<i>Expenses:</i>			
Finance costs		-	-
Salaries and related costs	3(a)	572,763	550,313
Depreciation of property, plant and equipment		62,918	66,295
Bad and doubtful debts		<u>1,440</u>	<u>-</u>

**(a) Directors expenses**

In the 2015 year, a total of \$12,538 (2014: \$15,264) of expenses were paid to directors. This included payment for travel, caring costs and internet technology whilst performing director duties.

Directors attendance fees of \$13,200 (2014: \$10,800) (as detailed in the Directors Report) were also paid. The total Directors expenses as shown within salaries and related costs in the statement of profit or loss and other comprehensive income for the year were \$25,783 (2014: \$26,064).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>			
Cash at bank		1,149,629	1,120,123
Cash held on deposit		691,593	291,593
		<u>1,841,222</u>	<u>1,411,716</u>
<i>Reconciliation of cash</i>			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		<u>1,841,222</u>	<u>1,411,716</u>
<b>NOTE 5: TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Receivables from tenants		20,994	22,704
Less: Provision for impairment		-	-
		<u>20,994</u>	<u>22,704</u>
Sundry debtors		14,956	23,394
Total trade and other receivables		<u>35,950</u>	<u>46,098</u>
<b>NOTE 6: OTHER ASSETS</b>			
<b>Current</b>			
Prepayments		17,144	19,083
Net GST receivable		14,001	13,973
		<u>31,145</u>	<u>33,057</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>NOTE 7: PROPERTY, PLANT AND EQUIPMENT</b>			
Land & buildings at independent valuation		2,900,000	2,900,000
Land & buildings at cost		25,712	25,712
Less accumulated depreciation		(48,875)	-
		<u>2,876,837</u>	<u>2,925,712</u>
 Furniture & fittings at cost		 64,231	 62,801
Less accumulated depreciation		(61,372)	(60,849)
		<u>2,859</u>	<u>1,952</u>
 Plant & equipment at cost		 65,564	 64,010
Less accumulated depreciation		(57,111)	(51,964)
		<u>8,453</u>	<u>12,046</u>
 Motor vehicles at cost		 44,652	 44,652
Less accumulated depreciation		(24,726)	(16,354)
		<u>19,926</u>	<u>28,298</u>
 Total property, plant and equipment		 <u>2,908,076</u>	 <u>2,968,009</u>

The Co-operatives land and buildings were revalued at 30 June 2014 by independent valuers. Valuations were made on the basis of open market value. The revaluation surplus was credited to the revaluation reserve in equity.

**NOTE 8: TRADE AND OTHER PAYABLES**

**Current**

Trade payables	9,601	11,176
Other payables and accruals	271,142	280,793
	<u>280,743</u>	<u>291,969</u>

**NOTE 9: PROVISIONS**

**Current**

Annual leave	51,790	44,856
Long service leave	32,201	24,960
	<u>83,991</u>	<u>69,816</u>

**Non-current**

Long service leave	7,393	18,133
	<u>7,393</u>	<u>18,133</u>
 Total provisions	 <u>91,384</u>	 <u>87,949</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

Note	2015 \$	2014 \$
<b>NOTE 10: NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<i>(b) Reconciliation of cash flow from operations with profit after tax</i>		
Profit after tax	365,305	412,374
Non-cash flows in profit:		
- Revaluation of land and buildings		(58,978)
- Depreciation expense	62,918	66,295
- Bad debt expense	1,440	0
- Gain on Sale of PPE	-	-
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(10,148)	(1,875)
(Increase)/Decrease in other current assets	(1,912)	(437)
Increase/(Decrease) in trade and other payables	(11,226)	181,036
Increase/(Decrease) in provisions	(3,434)	(3,280)
Net cash flow from operating activities	<u>402,942</u>	<u>595,135</u>

**NOTE 11: CONTINGENT LIABILITY**

As at 30th June 2015, SEHC retained a balance of \$332,084 that had been accumulated under the Community Capacity Building (CCB) provisions of the previous Housing Provider Framework Lease (HPF) between SEHC and the Department of Human Services (DHS). Whilst DHS have approved these funds for use in the First Street Development project, it has under CI 19.4 of the HPF, a right at the DHS Directors discretion to require SEHC to pay to the DHS the balance of any unexpended CCB funds. Whilst a requirement to repay is considered unlikely, it is important to recognise that these funds, recorded as cash and cash equivalents of SEHC are subject to this caveat.

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**DIRECTORS' DECLARATION**

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The directors have determined that the Co-operative is not a reporting entity, and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Co-operative declare that:

1. The accompanying financial statements and notes for the financial year ended 30 June 2015 are prepared in accordance with the requirements of the *Co-operatives National Law* and:
  - a) Give true and fair view of the financial position and performance of the Co-operative at the end of the financial year; and
  - b) Comply with applicable accounting standards.
2. At the date of this declaration, there are reasonable grounds to believe that the Co-operative will be able to pay its debt as and when they become due and payable.
3. The Co-operative has kept such accounting records that correctly records and explain the transactions and financial position of the Co-operative.

This declaration is made in accordance with a resolution of the Board of Directors:

  
.....  
Shirley Faram  
Director

  
.....  
Tracey Hall  
Director

Dated at Dandenong this 12<sup>th</sup> day of October 2015

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHEAST HOUSING CO-OPERATIVE LTD**

We have audited the accompanying financial report of SouthEast Housing Co-operative Ltd, being a special purpose financial report, which comprises the statement of financial position as at 30 June 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the needs of the members. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view 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.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SOUTHEAST HOUSING CO-OPERATIVE LTD (Continued)**

**Independence**

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

**Opinion**

In our opinion the financial report presents fairly, in all material respects, the financial position of SouthEast Housing Co-operative Ltd as at 30 June 2015 and its performance for the year then ended in accordance with the accounting policies described in Note 1 of the financial statements.

**Basis of Accounting**

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Co-operative rule. As a result, the financial report may not be suitable for another purpose.



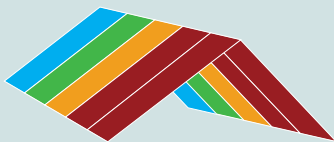
**ADVANTAGE ADVISORS AUDIT PARTNERSHIP  
CHARTERED ACCOUNTANTS**



**BEN BESTER  
PARTNER**

Dated in Melbourne on this 12<sup>th</sup> day of October 2015

# People together are stronger



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**Housing Co-operative**  
*Housing Futures*

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