

**PEOPLE**  
**COMMUNITY**  
**CO-OPS**

ANNUAL REPORT 2018/2019

# CONTENTS

02	What we do
04	The Co-operative Housing Program
06	CEHL Housing Co-op Shareholders
08	CEHL services to member co-operatives
10	Chair and Managing Director's message
12	2018/2019 Snapshot and financial outline
14	Year in review achievements
16	Empowered people
20	Congratulations 2019 Scholars
21	Vale Iain Walker
22	Co-op member contribution
24	Strong communities
28	Better housing solutions
34	How we performed
36	The value of co-op housing
38	How we work
39	Governance
40	CEHL Directors
42	Our stakeholders
44	Financial statements

We are pleased to present Common Equity Housing Limited (CEHL) Annual Report for 2018–19. This report describes CEHL's performance over the 2018–19 financial year under the Strategic Objectives 2020 and budget. Visit [www.cehl.com.au](http://www.cehl.com.au) for more information about our housing program and activities.

We value your feedback on this report, to help make our next report better. If you would like more information about any item in this report, contact us at [info@cehl.com.au](mailto:info@cehl.com.au)  
Write to us at  
**Level 1, 112 Balmain, Richmond, VIC, 3121** or  
Speak to an Administration Officer on  
**1800 353 669**

#### Acknowledgement of Traditional Owners

CEHL respectfully acknowledges the Traditional Custodians of the land we work on and the land where our housing co-operatives are located. We pay our respects to elders and community members, past, present and emerging.

#### Embracing social and cultural diversity

CEHL aims to represent and reflect the full social and cultural diversity of the Victorian community. We welcome diversity within our employee team and among members of the co-op housing program.

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# MORE THAN JUST HOUSING



# WHAT WE DO



## PURPOSE

CEHL is an enabler: We partner with member co-operatives to deliver an effective, sustainable co-operative housing program.

## VISION

Empowered people. Strong communities.  
Better housing solutions.

CEHL provides member co-ops with:

- ▶ Resources, so co-ops can meet their members needs
- ▶ Program management, providing a framework for program delivery and decision making
- ▶ Property portfolio management, using our status as a registered Housing Association and charity, to provide member co-ops with the affordable housing they need





# THE CO-OPERATIVE HOUSING PROGRAM

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**CEHL partners with independent housing co-operatives to deliver the Co-op Housing Program. CEHL provides co-ops with tools and resources to support their development and engages, reports and advocates on behalf of co-ops.**

Co-ops are run by members, for members. Each co-op is an independent organisation that works together to meet the needs of its own members within the framework of the Co-op Housing Program.

The Co-op Housing Program is an alternative to private rental or home-ownership, providing long-term, affordable housing for co-op members.

CEHL actively promotes the value of co-operatives and the vital role co-operative models can play as part of the solution to Victoria's housing affordability crisis.

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## REGULATION AND COMPLIANCE

As a registered housing association, CEHL manages compliance for the Co-op Housing Program, and is able to access private finance, and government funding, when available, to grow the Co-op Housing Program.

The regulatory framework administered by the Housing Registrar aims to strengthen housing agencies' capacity to attract, develop and protect capital investment, manage existing housing stock and support and protect low-income tenants.





# CEHL HOUSING CO-OP SHAREHOLDERS

**108**  
total co-ops



## BALLARAT

Canadian Place CERC Ltd  
Futures CERC Ltd  
Serenity CERC Ltd  
Southern Cross CERC Ltd  
Southerners CERC Ltd  
Stockaders CERC Ltd  
Victory CERC Ltd

## BENDIGO + CENTRAL VICTORIA

Aegis CERC Ltd  
Central Victoria CERC Ltd  
Dragon City CERC Ltd  
Eyrie CERC Ltd  
Forest Creek CERC Ltd  
Fountain CERC Ltd  
Ithaca CERC Ltd  
Oasis City CERC Ltd  
Pyrenees CERC Ltd  
Rainbow Eight CERC Ltd  
Sunraysia CERC Ltd  
Young Achievers CERC Ltd

## GEELONG + WESTERN VICTORIA

Bayside CERC Ltd  
Bell Grove CERC Ltd  
Bellarine CERC Ltd  
Binders CERC Ltd  
Central City CERC Ltd  
Colac CERC Ltd  
Coladjin CERC Ltd  
Corio CERC Ltd  
Eastern View CERC Ltd  
Geelong West CERC Ltd  
Kakadu CERC Ltd  
Larrakeyah CERC Ltd  
Osborne CERC Ltd  
Phoenix CERC Ltd  
Riverland CERC Ltd  
South West CERC Ltd  
Swan CERC Ltd  
Tee Pee CERC Ltd  
Western Heights CERC Ltd

## GIPPSLAND

Lakesdale CERC Ltd  
Mallacoota CERC Ltd  
Maryvale CERC Ltd  
Morwell CERC Ltd  
NASA CERC Ltd  
Tarra CERC Ltd  
Thomson River CERC Ltd  
Traralgon United CERC Ltd  
Valley CERC Ltd  
Warratraf CERC Ltd  
Wirn Wirn Dook CERC LTD  
Wonthaggi Pioneers CERC Ltd  
Woorayl CERC Ltd

## METRO NORTH

Access CERC Ltd  
Carringbush CERC Ltd  
Diamond Valley/Whittlesea Rental Housing Co-operative Ltd  
Dwellers CERC Ltd  
Earth CERC Ltd  
F.K.N CERC Ltd  
Liberty CERC Ltd  
Merri CERC Ltd  
Nell Street CERC Ltd  
Northern Alliance Co-operative Limited  
St. Euphrasias Co-operative Ltd  
St. Josephs CERC Ltd  
Stock Bridge Community Housing Co-operative Ltd  
Sun CERC Ltd  
Wattletree CERC Ltd

## METRO SOUTH-EAST

AFE CERC Ltd  
As Salam CERC Ltd  
Castle CERC Ltd  
CERC 13 CERC Ltd  
Cranny CERC Ltd  
Endeavour CERC Ltd  
Entity CERC Ltd  
Herbert Street CMC Ltd  
Impact CERC Ltd  
Lakewood CMC  
LARC CERC Ltd  
Opcola CERC Ltd  
Ranges CERC Ltd  
Sherbrooke CERC Ltd  
Start Polish CERC Ltd  
Tamil Senior Citizen CERC Ltd  
Victoria-Polonez CERC Ltd

## METRO WEST

Advance CERC Ltd  
Colonials CERC Ltd  
Cut Paw Paw CERC Ltd  
Harmony CERC Ltd  
Jacksons Creek CERC Ltd  
Keilor CERC Ltd  
MCISG CERC Ltd  
NWK CERC Ltd  
Satellite CERC Ltd  
Sun Valley CERC Ltd  
Thoroughbred CERC Ltd  
Werribee CERC Ltd  
Wyndham CERC Ltd

## PENINSULA

Carinya CERC Ltd  
Dolphin CERC Ltd  
Dromana CERC Ltd  
Mangroves CERC Ltd  
Seagull CERC Ltd  
Ti Tree CERC Ltd

## SHEPPARTON + NORTH-WEST VICTORIA

Fruit City CERC Ltd  
Glenworth CERC Ltd  
Goulburn Valley CERC Ltd  
KY CERC Ltd  
Linger Longer Country CERC Ltd  
Solar City CERC Ltd

CERC - Common Equity Rental Housing Co-operative  
CMC - Community Managed Co-operative



# CEHL SERVICES TO MEMBER CO-OPERATIVES

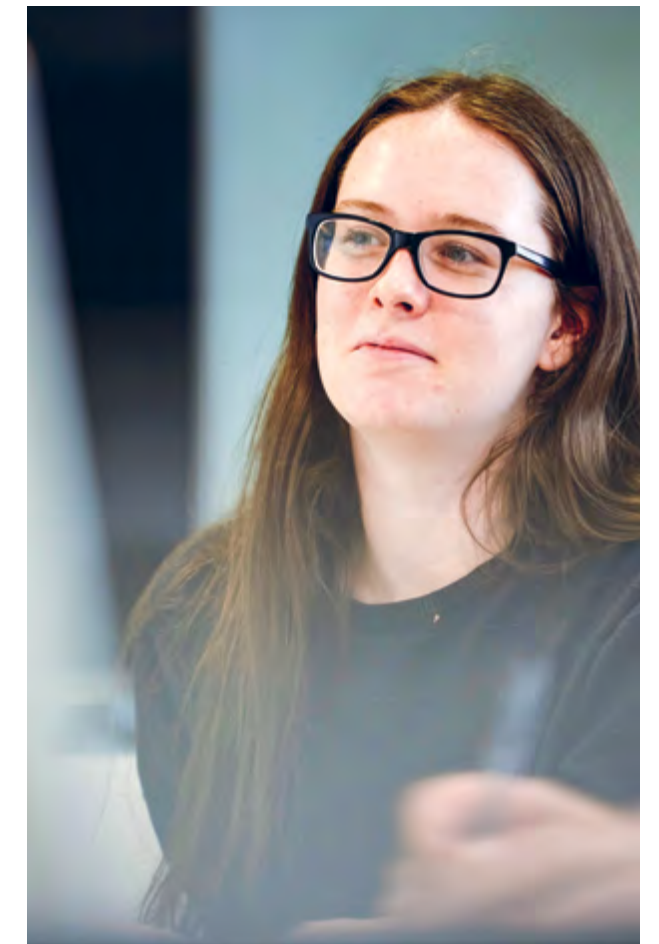
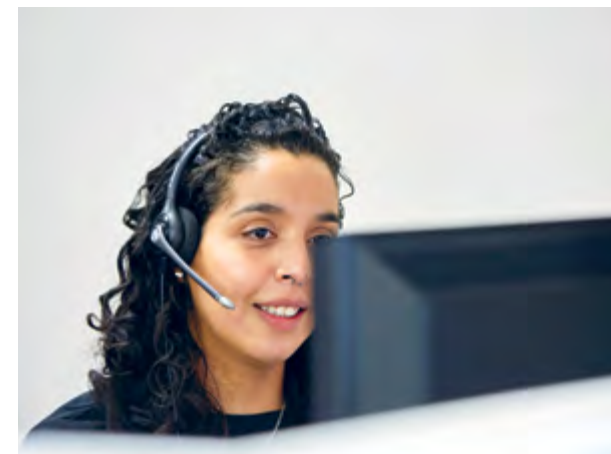
## CEHL PROVIDES MEMBER CO-OPS WITH:

- ▶ Resources for co-ops, so they can meet their members needs
- ▶ Program management, providing a framework for program engagement, delivery and decision making and managing Housing Registrar compliance requirements
- ▶ Property portfolio management, using our status as a registered Housing Association and charity to provide member co-ops with the affordable housing they need

## Co-op training, advice and resources

- ▶ Co-op governance and management
- ▶ Asset management, property maintenance and long-term planning
- ▶ Legal and compliance advice
- ▶ Regional training and tailored workshops
- ▶ Annual member conference
- ▶ Education scholarship program for further education
- ▶ Forms, guidelines and online resources for co-op functions
- ▶ Referral to support services managed by partner Launch Housing, connecting program members to services such as financial counseling, health and disability services and relationship support
- ▶ Book-keeping and auditing\* including book-keeping software program
- ▶ Tenancy and arrears management\*

\*Additional fee for service



# CHAIR AND MANAGING DIRECTOR'S MESSAGE

## HIGHLIGHTS

**Strengthening our partnership with co-operatives and the Program has been a key focus of the 2018/19 year. The 108 co-operatives and their members are at the forefront of our work everyday. We are enthusiastic about the potential of housing co-operatives to grow and have greater impact on communities. Co-ops are an ideal model for housing, providing empowerment, stability, and connection to community where traditional housing models fail.**

Throughout the year, significant steps have been made toward providing co-ops with new tools and training to perform co-op activities. Through extensive co-op engagement and consultation,

a robust new rent model has been developed that will ensure financial sustainability of the Program, in an ever changing environment.

We now have access to greater numbers of applicants through the Victorian Housing Register database that will work alongside our referral process, bringing greater opportunity for co-ops to reach their Future Direction aspirations, enabling CEHL to access government funding to grow the co-op housing program.

The successful bid for funding towards a multi-story co-op housing development in Brunswick presents enormous opportunity for the Program.

To meet the needs of our evolving Program we are delivering initiatives to support co-ops and their communities.

**Left:** Stephen Nash, Managing Director

**Right:** Heidi Lee, CEHL Chair



## KEY ACHIEVEMENTS

### Co-operatives

- ▶ Every day achievements of co-operatives, as members work together and support each other
- ▶ Training for co-ops that builds capacity in holding meetings, the member selection process, managing budgets and maintenance

### Co-op Housing Program

- ▶ Opting-in to the Victorian Housing Register
- ▶ Rent model implementation, adopting the recommendations of the Advisory Group to ensure the ongoing sustainability of the Program in an ever changing environment
- ▶ Engagement Review, requested by the CEHL Board focused on improving engagement between the Program and co-ops. Co-ops are building new connections and relationships with one another in each region
- ▶ The launch of the member portal has greatly enhanced opportunities for members to access information and contribute ideas to the Program. The next phase will see greater functionality for co-op management use and connecting with other housing co-ops across the state

### Property

- ▶ \$4.3M successful funding bid to Victoria Property Fund (VPF) to contribute to the building of a multi-story co-op housing with commercial space in Brunswick

- ▶ Significant activity in property acquisition, development and disposals, see page: 31 for details
- ▶ Training with Maintenance Directors focusing on building skills in planning and prioritising maintenance

### Advocacy

- ▶ Working with Australian Co-op Housing Alliance commissioning research looking into the value of co-operative to individuals and the community
- ▶ CEHL Co-op Housing Program is a case study in new research, that aims to measure the value co-op and mutual enterprises provide, compared to other entities. The research was commissioned by the Business Council of Co-operatives and Mutuals and undertaken by the Monash Business School

### Organisational development

- ▶ The Affordable Housing Industry Advisory Group (AHIAG) are building links with housing providers, government and industry to grow housing in Victoria. Program Director, Nicola Foxworthy, Chairs the AHIAG
- ▶ Ongoing investments to create revenue for the Program, through the Capital Investment Strategy
- ▶ Plain English training for employees to improve every day written communication
- ▶ Team building and cross-team collaboration skills have been a focus of training for managers and team leaders

- ▶ Some CEHL Directors undertook governance training run by the Business Council of Co-operatives and Mutuals and the Australian Institute of Company Directors course specifically designed for co-operative and mutual directors in Australia
- ▶ Redesign of the Shareholder Report to provide greater transparency of Board activities and decisions

### Thank-you

We thank

- ▶ Co-op members for their work and commitment to their co-op, supporting each other and contributing to the Co op Housing Program
- ▶ Employees at CEHL for their dedication to their work, co-operative housing and to creating a positive workplace culture
- ▶ Fellow CEHL Board members for governance leadership and our independent board committee members Ed David and Pallavi Khanna for their expertise and input

  
**Stephen Nash**  
Managing Director



  
**Heidi Lee**  
CEHL Chair



# 2018/2019 SNAPSHOT AND FINANCIAL OUTLINE

**4,375**  **2,119**   
total people housed homes

**108**  **60**   
total co-ops different local government authorities

**58**  **70**   
median age employees (59 FTE)

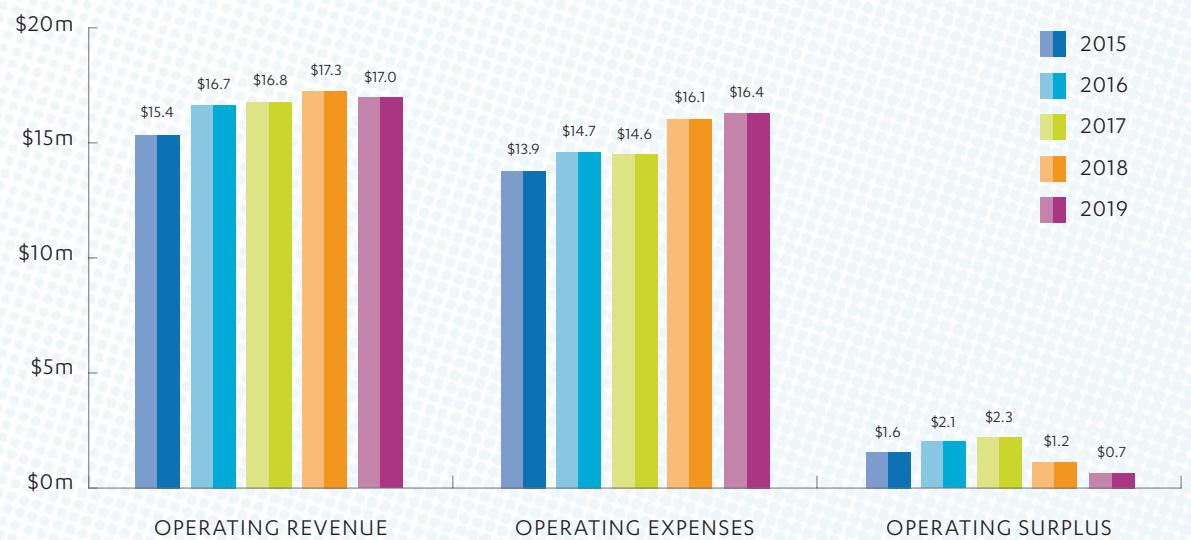
**\$863M**  
Total Asset Value

**\$17M**  
Operating revenue

**\$16.4M**  
Operating expenses

**8%**  
Loan to value ratio

## 2018/2019 FINANCIAL OUTLINE



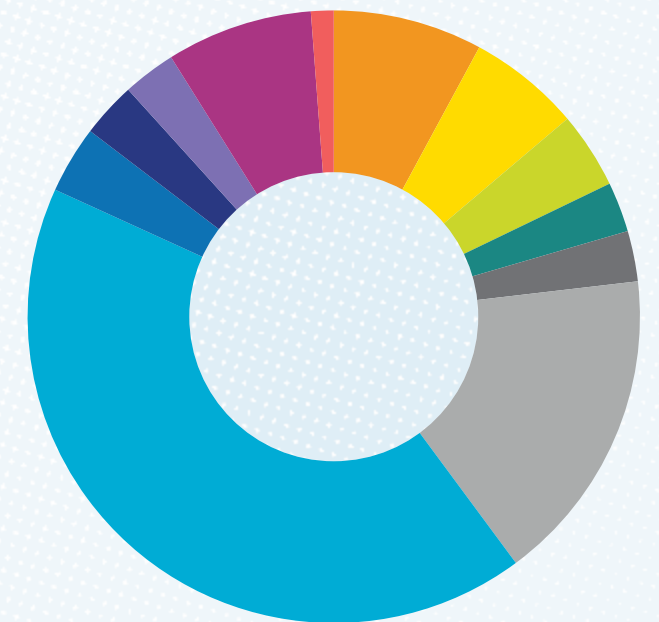
## \$23.8M PROGRAM REVENUE - FY 2018/19

**31%** CERC Rent Retained  
**7%** NRAS Income  
**62%** CEHL Rent Received



## APPLICATION OF \$23.8M PROGRAM REVENUE - FY 2018/19

**8%** Co-op Development  
**6%** Tenancy Management  
**4%** Program Development  
**2%** Co-op Financial Services  
**3%** Co-op Fund, CERC Surplus & Admin  
**17%** Asset - Rates  
**42%** Asset - Maintenance  
**3%** Asset - Insurance / FSL  
**3%** Asset - Real Estate Services  
**3%** Debt Repayment  
**8%** Loan Interest  
**1%** Co-op Advocacy





# YEAR IN REVIEW ACHIEVEMENTS



## EMPOWERED PEOPLE

Enabling co-ops, engaging members

### LOOKING BACK ON 2018/2019

- ▶ Working with co-ops to review and improve our engagement opportunities
- ▶ Launched member portal to enable greater opportunity for member engagement in Program projects and way to influence program outcomes
- ▶ Build capacity of Co-op Maintenance Directors through training and support
- ▶ Budget training for Co-op Treasurers, building skills regarding planning, monitoring and managing budgets

### LOOKING FORWARD TO 2020

- ▶ Improve service to co-ops, establish a service charter
- ▶ Co-ops design member portal features for co-op activities and enable co-op to co-op information sharing
- ▶ Work with co-ops to finalise and implement outcomes measurement tool to measure the impact of co-op housing on individuals and community
- ▶ Work with co-ops to understand upcoming changes to the Residential Tenancies Act
- ▶ Build on co-op and member engagement actions



## STRONG COMMUNITIES

Sustainably growing our impact

- ▶ Received funding of \$4.3M for multi-story co-op housing development in Brunswick apartments to be completed in 2021
- ▶ Implemented new rent model, maintaining charitable status and provide more income to the Program
- ▶ Information sessions about co-op housing in regions experiencing low demand
- ▶ Building greater understanding about co-op housing outcomes through working with partners of Australian Co-op Housing Alliance (ACHA), Community Housing Industry Association of Victoria (CHIAVic)

- ▶ Implement core co-op skills training programs
- ▶ Consult with members about Company Rent and the Affordability Benchmark (facilitated by the Company Rent and Affordability Benchmark Advisory Group)
- ▶ Continue to advocate and raise the profile of co-op housing in sector using data to demonstrate benefits of co-op housing
- ▶ Work with co-ops to finalise their Future Direction Plans



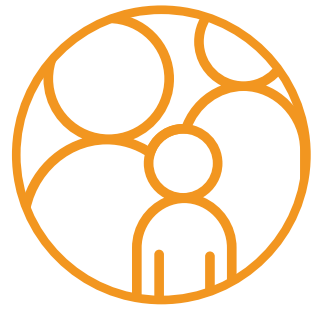
## BETTER HOUSING SOLUTIONS

Contributing to a revitalised, innovative and affordable housing system

- ▶ Property developments for the Program are well underway, see page: 28-33 for details
- ▶ Improved maintenance service, improving response times for urgent and non-urgent works
- ▶ CEHL opts-in to the Victorian Housing Register, gaining access to more potential applicants for the Program and access to funding opportunities
- ▶ Capital Investment Strategy creating affordable housing in the community and revenue for the Program
- ▶ Affordable Housing Industry Advisory Group AHIAG representation building relationships with government, construction and housing sectors

- ▶ Increase funding for major property works to repair and improve properties
- ▶ Implement regional property plan, informed by Co-op Future Direction Plan aspirations
- ▶ Work with co-op partners to improve property vacancy turnaround
- ▶ Deliver pipeline of planned property projects





# EMPOWERED PEOPLE

In the past year activities and initiatives focused on enhancing co-op capability and improving engagement include:

## ENGAGEMENT REVIEW

The CEHL Board appointed an engagement consultant and commissioned a survey and regional workshops to examine ways to improve engagement between

the Program and co-op members. Around 150 members across nine regions attended workshops and pitched ideas for co-ops to improve participation.

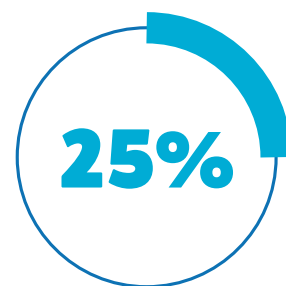
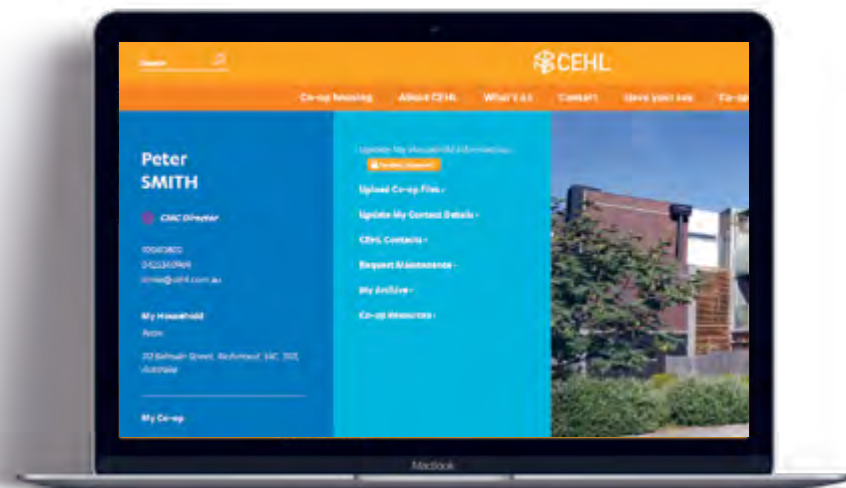
## ACTIVITIES UNDERWAY OR PLANNED FOR 2020

- ▶ Improving understanding of the roles and responsibilities of CEHL and co-ops
- ▶ Improve service experience of co-op members
- ▶ Provide clarity on issue management and escalation processes
- ▶ Establishing a service charter
- ▶ Co-ops have started organising social events in their regions so they can connect and socialise
- ▶ The member portal will be a valuable tool helping co-ops to share information and co-ops are embarking on their own use of social media to connect and share
- ▶ Reporting on outcomes will also help to share and understand the benefits of co op housing



**Enabling co-ops,  
engaging members**





**Member Portal users**  
 — Total households  
 ■ Portal users  
 as at 30/06/2019

## MEMBER PORTAL

The CEHL member portal, launched in January 2019, has enabled greater access to information and resources for all people in the Co-op Housing Program.

In the first six months of going live, a quarter of households in the Program are using the portal to:

- ▶ update household member and income details
- ▶ register for events

- ▶ Share feedback and ideas on policies and projects designed to improve the Program

The next phase of the portal development involves co-ops designing features that:

- ▶ help with co-op functions
- ▶ enable greater co-op to co-op information sharing

A key to the ongoing success roll-out of the portal has been engaging 'Co-op Champions', representatives in co-ops with training and support to help their fellow co-op members use the portal. Co-op Champions were also instrumental in troubleshooting issues and testing the portal before it was made live.

Co-ops are encouraged to appoint a 'champion' for ongoing support and advice.

## CO-OP TRAINING ADVICE AND RESOURCES

The Co-op Development and Strategy (CDS) team gives advice, resources and training to co-operatives about governance, the requirements of Program policy and how to meet their obligations as a landlord.

Key issues the Co-op Development Coordinators helped co-ops with during the year included:

- ▶ Future Development Plans
- ▶ member selection
- ▶ exploring options for future co-op structure
- ▶ active membership issues
- ▶ understanding the rent review

**4,930**

Emails received from co-ops and responses given by Co-op Development Coordinators

**3,272**

Phone calls with co-op members

**338**

Co-op meetings attended

**70**

Training sessions for individual co-ops

**18**

Regional training sessions conducted

**27**

Regional forums attended

**12**

Applicant Information sessions conducted



## MAKING POLICY FEEDBACK EASY

The Co-op Housing Program is unique in the level of contribution members of the Program can have in shaping policies, procedures and guides that govern the Program.

The Policy Advisory Committee have been working to make it easier for members to understand policies and give feedback. The new approach will be implemented in the coming year.

### Policies and guides approved in 2018/19

- ▶ Non-referred Tenants Policy
- ▶ Privacy Requirements for Co-ops Policy
- ▶ Referral to Support Agencies Policy
- ▶ Program Response to Relocation Policy
- ▶ Program Response to End of Joint Membership Policy
- ▶ Program Allocations to Co-op Policy and Procedure
- ▶ Relocation Assistance Guide

## MEASURING OUTCOMES

CEHL is developing an outcomes framework to help better understand the outcomes and experiences of people in co-operative housing. The framework will be informed by the work undertaken by the Community Housing Industry Association of Victoria (CHIAVic) for the community housing sector. Co-ops will be actively involved in the finalisation of the outcomes framework for the Program.

## MEMBER VALUE MEASUREMENT PROJECT

CEHL has contributed to a Business Council of Co-operatives and Mutuals initiated research project looking at creating a way of measuring the value of co-operative and mutual enterprises (CMEs) compared to other entities. The next phase of the research will involve developing a way CMEs can capture, measure and report on co-op value.

The research is a collaboration led by the Monash Business School and professors from Warwick Business School, and the Australian National University. BCCM is the industry partner.

**“Mutuals and co-operatives make a huge contribution to the Australian community that’s hiding in plain sight. What we need is a consistent and comparable way to tell our story.”**

Melina Morrison, CEO of Business Council of Cooperatives and Mutuals (BCCM)



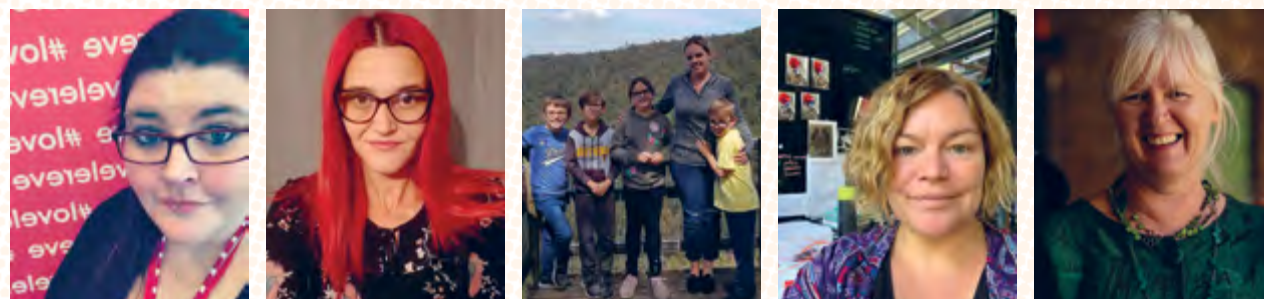
BUSINESS COUNCIL OF CO-OPERATIVES AND MUTUALS



# CONGRATULATIONS 2019 SCHOLARSH

CEHL Scholarship Program provides \$2,000 education scholarships to people living in our co-ops to further their education. This year nine scholarships were awarded.

Name	Co-op	Certificate	Plans
<b>CERTIFICATE IV</b>			
Emily Nelsson	Lakewood	CERT IV Disability	Emily wishes to work with young people and children with special needs in schools and their homes
Tyson Wright	Solar City	CERT IV Information and Digital Media and Technology	Tyson plans to pursue a career as a computer programmer
Arlo Grech	Earth	CERT IV in Laboratory Technology (Biotechnology)	Arlo is starting a career as a laboratory worker while continuing to further his education in biotechnology
<b>DIPLOMA</b>			
Nicole Wood	Stockaders	Diploma in Community Services	Nicole is following her passion of working with people to better the community through intensive case work and support services
Joanne Tangas	Dragon City	Diploma of Nursing	Joanne is passionate about caring for those around her and wishes to use her nursing skills to help her sons, and others
Co-op member	Diamond Valley	Diploma of Nursing	Studying nursing to further their own life goals and provide a benefit to their children
Melanie Jade Krupa	Traralgon United	Diploma in Nursing	Melanie plans to use her nursing qualification to help others as much as others have helped her
<b>POSTGRADUATE</b>			
Michelle Boxell	Eyrie	Masters of Visual Arts	Michelle wishes to use her studies to help people within her community who have disabilities to communicate through artwork
Elaine Fell	Carringbush	Juris Doctorate in Law	Elaine is working to finish her Juris Doctorate in Law and use her knowledge of the law to help people and find work in the legal field



Left to right: Emily Nelsson, Nicole Wood, Melanie Jade Krupa, Michelle Boxell, Elaine Fell

# VALE IAIN WALKER

**Iain Walker, who sadly passed away in September 2019, contributed greatly to the foundation of the co-operative housing program and made a huge impact on many people living in housing co-operatives.**

Iain will be greatly missed by those who knew him, and remembered fondly for his energy and enthusiasm toward the co-operative movement. Indeed, as one of the early advocates who helped bring this program to life in the 1980's, you might say his contribution to the earliest group set

the foundation that all current co-op housing members benefit from, and many more will into the future.

Iain saw the co-operative housing program as a means to an end; to help take care of housing, so people can get on with their lives. He loved seeing people join a co-op, find housing security, learn new skills and then go on to create better lives for themselves and their families. He was incredibly humble, but in recent years was recognised on the CEHL Honour Board in 2014 and in the community awards on Australia Day in 2019.

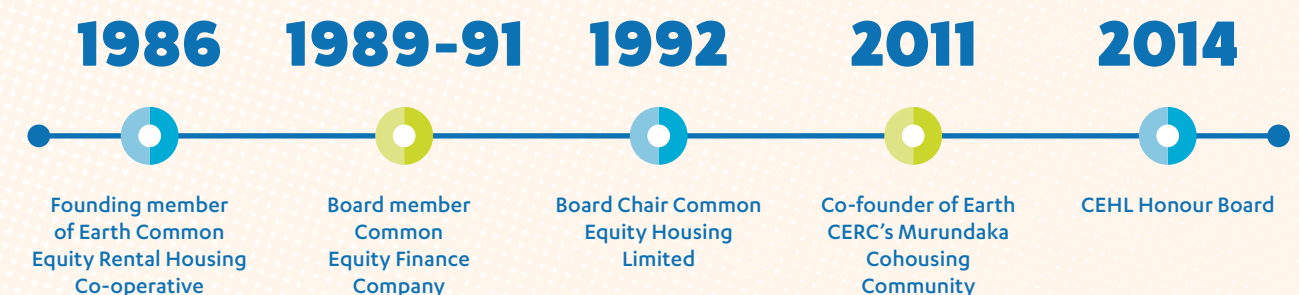


Iain received a Jagajaga Community Hero Award from Hon Jenny Macklin MP at Banyule City Council as part of their Australia Day celebrations.



**“For those of us who live in housing co-operatives, we can take a moment to appreciate the foundations laid by Iain and those early founders, without whom, we would not have the fantastic opportunities we have in our co-operatives today.”**

Heidi Lee, CEHL Chair





# CO-OP MEMBER CONTRIBUTION

The Board would like to thank and acknowledge all co-op members who have contributed to their own co-ops, and to the advisory committees and consultative groups in the program.

Advisory Groups are appointed by the CEHL Board when important Program topics need to be discussed with program members. Co-op members that meet the skills and criteria required are appointed to the advisory group for the period of the consultation.

In the 2018/19 year the following advisory groups were appointed:

## Rent Model Advisory Group (RMAG)

The Rent Model Advisory Group consulted with Program members recommending a rent model that best balances the needs of individual households with co-op and program viability.

Name	Co-op	Region
Ben Neil (Independent chair Capire)	n/a	
Bruce Fraser	Rainbow Eight	Bendigo + Central Victoria
Julie Gilchrist	Solar City	Shepparton + North West Victoria
T. Raveendiran (Ravi)	Tamil Senior Citizens	Metro South-East
Alice Rink	Castle	Metro South-East
Lila Talarico	Diamond Valley	Metro North
Matthew Walker	Earth	Metro North

## Company Rent and Affordability Benchmark Advisory Group (CRABAG)

The Company Rent and Affordability Benchmark Advisory Group has been established to continue the work set out by RMAG. The group will provide to the CEHL Board recommendations about the appropriate rate of company rent and what the maximum percentage of main household income (used in the Rent Model to calculate rent) should be set at to ensure a fair and affordable rent.

Name	Co-op	Region
Ben Neil (Independent Chair Capire)		
Bruce Fraser	Rainbow Eight	Bendigo + Central Victoria
Julie Gilchrist	Solar City	Shepparton + North West Victoria
Jo Massey	Earth	Metro North
T. Raveendiran (Ravi)	Tamil Senior Citizens	Metro South-East
Vivian Routley	Liberty	Metro North
Matthew Walker	Earth	Metro North

## Policy Advisory Committee (PAC)

PAC consult across the Program regarding Program Policy and provide recommendations to the Board regarding policies, procedures and guides that help co-op's carry out the management of their co-op and meet their compliance requirements.

Name	Co-op	Region
Fiona Herman (Chair)	Endeavour	Metro South-East
Anna Brayshaw	Riverland	Geelong + Western Victoria
Norma Castro	Herbert Street	Metro South-East
John Cooper	Serenity	Ballarat
Liza Dezfouli	Liberty	Metro North
Sylwia Greda-Bogusz	Castle	Metro South-East
Kris Gregson shares role with Jill Newnham	Dromana	Peninsula

## Training Advisory Committee (TAC)

TAC is made up of co-op representatives elected from the regions each year. TAC facilitates collaboration between CEHL employees and co-op members to review and develop co-op training activities and materials.

TAC representatives seek input from members from their region, to contribute to the development of training and materials that help co-op members to contribute effectively in the development of their co-operative.

Name	Co-op	Region
Tracey Bruton	Solar City	Shepparton + North-West Victoria
Gayle Carley	Lakesdale	Gippsland
Felicity Grosse	Forest Creek	Bendigo + Central Victoria
Para Kanagasingam	Herbert Street	Metro South-East
Judith Nash	Mangroves	Peninsula
Sharon Quinn	Wattletree	Metro-North

## Newsletter Advisory Group (NAG)

NAG is made up of representatives elected from the regions each year.

NAG representatives seek input from members from their region, contribute to the content of the newsletter and provide feedback to improve the newsletter and ensure that the achievements of co-op members and the co-op Program are promoted to stakeholders through the quarterly newsletter, Co-operatively Speaking.

The group is chaired by the CEHL Communications Manager and meetings are attend by a CEHL Co-op Development Co-ordinator.

Name	Co-op	Region
Sarah Andrew	Liberty	Metro North
Gayle Carley	Lakesdale	Gippsland
Don Carpenter	Carinya	Peninsula
Liza Dezfouli	Liberty	Metro North
John Harrison (2018)	Southerners	Ballarat
Gwen Rankin (2018)	St Euphrasia's	Metro North





# STRONG COMMUNITIES

## Sustainably growing our impact



### NEW RENT MODEL IMPLEMENTED

After extensive consultation with Program members, the new rent model was implemented from July 2019.

The CEHL Board acknowledges and thanks the Rent Model Advisory Group (RMAG) members for their dedication and diligence taken throughout the consultation process and in making recommendations for the rent model to the board. Their work help immensely in arriving at model that met the best balance for individual households, co-ops and program viability.

RMAG members were: Bruce Fraser, Alice Rink, Lila Talarico, Julie Gilchrist, Matthew Walker, T. Raveendiran (Ravi), Ben Neil (Independent chair)

### Positive impact for co-ops and the Program

The new rent model:

- ▶ Protects CEHL's charitable status, enabling access to government grants and exemption from GST, land tax, stamp duty on new properties and maintenance costs
- ▶ Increases income to the Program, more funds for co-ops and for Third Schedule works (major property upgrades)
- ▶ Maintains an affordability benchmark of 25% of gross main income

To help households manage the rent change a cap on weekly rent increase for the 2019/20 year was implemented, a rent helpline was put in place to answer questions and offer referrals to a financial counselling service if requested.

While some households have experienced rent increase:

## 12%

households had no change in their rent charge

## 37%

rent increased between \$2-8 per week

## 20%

rent increased between \$9-49 per week (majority under \$30)

## 31%

rent increase of \$50 per week capped for 2019/20



## CO-OP TRAINING

### Training for Maintenance Directors

Training for Maintenance Directors was delivered across all regions in August 2018.

The focus was on improving understanding:

- of how co-ops must meet their landlord obligations
- how to plan and prioritise maintenance and
- where to find resources to help with these functions

### Getting Member Selection right and Making meetings work

The member selection training aimed to inform co-ops of their responsibilities in managing member selection and share skills.

Making meetings work focused on skills and tips for running effective co-op meetings.

Member Selection Training has been a great success, rolled out across the state the feedback has been very positive. Co-op members at Ballarat Library stated that it 'was wonderful working as a team. Great set-up' and "I found it very helpful as a new member"

Budget training for Co-op Treasurers, was conducted in all regions. The training was aimed at building skills regarding budget planning, monitoring and adjusting budgets when required.

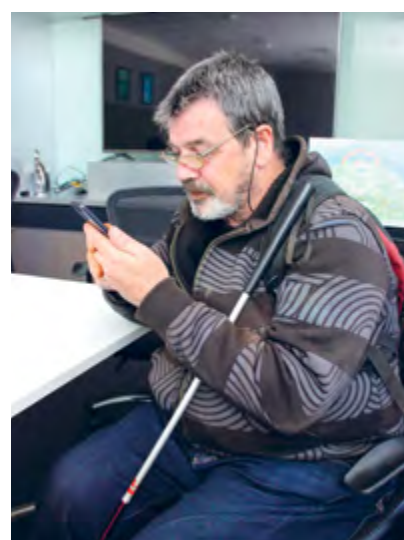


Co-op Champion Norma from Herbert St, CMC helping members use the portal

### Co-op Champion Training for member portal

- online training and face to face sessions

Phil from Carringbush CERC (pictured below) attended the portal training at Richmond in April this year. While Phil is tech savvy, he is also visually impaired and told us how much he appreciates that the new website and portal can now be easily read on his phone. "I really like the new website and portal. I can't use a computer very easily anymore, as I have macular degeneration, and need to look at things up close. But I can go on the portal using my phone and find what I need really easily. It's really important to learn about these things and have a go." Phil shared his experience using the portal, at the training session at Richmond.



Right: Phil from Carringbush CERC

### Applicant Information sessions

Twelve sessions were run in regional areas in an effort to increase awareness and boost applications in areas of low demand for rental housing.

### Co-op Future Direction Plans (FDP)

- Templates were redesigned to make it easier for co-ops to use and undertake appropriate planning for their co-op needs. FDP is an important planning tool for co-ops and CEHL to ensure ongoing viability of the co-op and is achievable within the current Program
- Co-op Development Coordinators will set up regular check-ins with co-ops to assist with the process



## PROMOTING CO-OP HOUSING



The Australian Co-op Housing Alliance ACHA (formerly known as the National Cooperative Housing Network) is an informal group of co-operative housing peak bodies from Victoria, New South Wales, South Australia, Western Australia and Tasmania.

The group meet quarterly via teleconference to share ideas, issues and opportunities with the aim of expanding and strengthening co-operative housing in each state and across Australia. The group have worked together and contributed to funding the Articulating Value in Co-operative Housing research, and the 'What is co-op housing' video led by Common Equity NSW.

In June, CEHL hosted a knowledge and skill sharing day with managers from Common Equity (CENSW) and Common Equity Housing South Australia (CEHSA).

Common Equity in each of the states are independent organisations.

**Above right:** 'What is co-op housing' animation



Pictured front: Rachel Johnson (Executive Assistant, CEHL); Meg George (Manager, Asset Management, CEHL); Joanna Wong (Finance Manager, CENSW), Corine Addison (Acting CEO, CENSW); Steven Wardropp (Property Manager, CENSW); back row: Stephen Nash (Managing Director, CEHL), James Xavier (Operations Manager CEHSA); Mirjana Kreislermaier (Co-op Development Manager, CENSW); Charmaine White (Maintenance Team Leader, CEHL); Gina O'Neill (Senior Projects Manager, CENSW)



## IMPROVING ENERGY EFFICIENCY

As part of the CitySwitch program, CEHL Richmond office improved to a 3 Star NABERS rating, after implementing energy efficient measures upgrading the switchboard, installing a building management system to optimise the function of the heating and cooling system, installing light sensors, and improving kitchen waste management through recycling and composting.

CitySwitch Green Office is a free program that helps commercial office tenants and owners to reduce their environmental footprint.







# BETTER HOUSING SOLUTIONS

## PLANNING FOR NEW ENVIRONMENTALLY-SUSTAINABLE CO-OP HOUSING IN BRUNSWICK

CEHL was successful in a bid for a \$4.29+M grant from the Victorian Governments' Victorian Property Fund to assist building a multi-story apartment development in Brunswick.

Subject to council planning approval it is anticipated that this multi-story development will comprise sixteen apartments, featuring a rooftop garden, greenhouse, shared laundry facilities and space for a commercial business on the ground floor.

The building is designed for enhanced thermal performance and lower running costs for households. The project is scheduled to complete in 2021.



# Contributing to a revitalised, innovative and affordable housing system

Design concept, subject to permit approvals. Image courtesy of Genton





Hon. Marlene Kairouz, Minister for Minister for Consumer Affairs, presents cheque to Heidi Lee, CEHL Chairperson and Stephen Nash, CEHL Managing Director at Wilson Ave, Brunswick



## DELIVERING PROPERTIES

The Real Estate Services Team have implemented a development pipeline to meet co-op's Future Direction Plan (FDP) aspirations. The FDPs inform the strategy for housing development requirements at a regional level.

- ▶ 7 property acquisitions
  - Two homes in Melton, four apartments in Brunswick East and a site for development in Brunswick
- ▶ 25 property disposals
  - When co-ops hand-back properties to CEHL, those assessed as not suitable for use in the program, including redevelopment, are sold. Funds from sales are used to acquire or develop new housing within that region. A total of \$14.4M was available in regional acquisition funds in 2018/19.
- ▶ 1 property rebuild completed in Churchill after fire
- ▶ 5 developments in the construction pipeline in the Geelong, Thornbury and Brunswick areas







## AFFORDABLE RENTALS VICTORIA – JOINT VENTURE

The Board approved CEHL to become a member of the charitable joint venture *Affordable Rentals Victoria Limited (ARV)*. AVR's two members are CEHL and the National Affordable Housing Consortium Ltd.

ARV has acquired 100 properties for rental to low income households. The properties are subsidised by the Victorian Government for ten years and will be managed by Women's Property Initiative.

Membership of ARV is aligned to CEHL's investment strategy, a low risk investment that will return revenue to the Program and has created opportunity for affordable housing in the community for low income households.

CEHL's membership of ARV does not require any capital investment other than in-kind support and security guarantee on a portion of the loan accessed by ARV.

## VICTORIAN HOUSING REGISTER (VHR)

After consultation with co-ops and detailed consideration of the impact on co-op and the Program, The CEHL Board confirmed to opt-in to the Victorian Housing Register (VHR) on 1 May 2019.

The VHR is a central database, administered by the Victorian State Government where all eligible people can apply for both public and community housing.

By opting in to VHR, co-ops will be more able to achieve Future Direction aspirations by accessing a larger number of potential applicants and CEHL can access funding to help grow co-op housing.

**“Every single tradesperson who has come to my property has been so well-mannered, polite and professional.”**

Rosemary from Wyndham CERC

## BUILDING LINKS WITH HOUSING PROVIDERS, GOVERNMENT AND INDUSTRY TO GROW AFFORDABLE HOUSING IN VICTORIA

The Affordable Housing Industry Advisory Group (AHIAG) delivered *Affordable Housing Delivery Financial Masterclass* to local government planners and advisors.

The masterclass aimed to build greater understanding of how community housing agencies government and industry can work together to increase co-investment and enable the growth of housing solutions for lower-income Victorians.

AHIAG is Chaired by Nicola Foxworthy, CEHL Program Director.



## CONTINUAL IMPROVEMENT OF MAINTENANCE

CEHL maintenance service to Community Managed Co-operatives (CMC), continually improved response times for urgent and non urgent works (see Key Performance measure for details on page: 35)

## PROPERTY UPGRADES

# \$2.69M



Total allocated for major works (Third Schedule) in the Program

# 232



Major works completed

## 81

Bathroom upgrades



## 12

Structural works



## 42

Kitchen upgrades



## 48

External works



## 49

General works





# HOW WE PERFORMED



CEHL and all registered agencies report on key performance measures that review operational management in the following areas:

- Tenant and Housing Services
- Housing Assets
- Community Engagement
- Governance
- Probity
- Management
- Financial Viability

CEHL undertakes this reporting requirement on behalf of housing co-operatives in the Program.

The Housing Registrar reporting for the 2018/2019 period, all performance standards were met.



## KEY PERFORMANCE MEASURES

# 97.8%

### Average occupancy rate

Rates have remained greater than 97% for the past three years.

# 92.3%

### Complaints resolved within 30 days

Improvement of outcome due to revised policies and procedures and tracking of complaint issues.

# 94.3%

### Tenancies maintained

Improvement of 2.5% from last financial year

# 35 days

### Vacancy management

The number of days properties were vacant. This figure is an average of total number of vacancies both tenable and un-tenable throughout the year.

# 2.7%

### Eviction rate

Only 2.7% of households leaving the Program were evictions. This is consistently and substantially lower than the community housing sector benchmarks.

**Eviction rate remains low reflecting our commitment to security of tenure and helping households to maintain their tenancy.**

# 443

### Total number of urgent repairs requested

# 91%

### Urgent repairs completed within 24 hours

# 1,088

### Total number of non-urgent repairs requested

# 77.8%

**Non-urgent repairs completed within 14 days**  
Main reasons for delay in repairs: poor contractor performance, issue involved complex resolution and tenant related delay.



# THE VALUE OF CO-OP HOUSING

In 2018 the Australian Co-operative Housing Alliance (ACHA) commissioned a world-wide literature study into the value of co-operative housing. The research 'Articulating Value in Co-operative Housing' was undertaken by researchers from Western Sydney University and the University of Newcastle.<sup>1</sup>

The research scoped the characteristics and identified benefits of rental, limited-equity and market-rate housing cooperatives around the world.

Senior Researcher from Western Sydney University, Louise Crabtree explained that;

"Research indicates numerous potential benefits created by co-operative housing in many countries. A solid starting point for identifying the extent and nature of the value created by Australia's housing co-operatives, including the value generated by the people who live in co-operatives."



<sup>1</sup> *Articulating Value in Cooperative Housing. An international and methodological review* Louise Crabtree, Sidsel Grimstad, Joanne McNeill, Neil Perry, Emma Power; January 2019

In Canada, researchers found reports of higher levels of social benefit than any other form of social housing. Housing co-operative residents reported a strong sense of community and of 'home' and 'safety', with Canadians feeling that their neighbourhood is improved by the presence of housing co-operatives.

Stephen Nash, CEHL Managing Director stated:

"The evidence from the international research is clear, that co-operative housing should be a more significant part of the housing mix in Australia to deliver more diversity and choice in affordable housing and enhance the broader economic, social and community benefits. Especially at a time when many Australians, are facing a housing crisis, this research provides valuable information to support the case for change."

"We look forward to the second stage of the research that will quantify the extent to which co-operative housing delivers value for individuals and communities in the Australian context."

**"This research provides valuable information to support the case for change"**

## THE KEY FINDINGS

### Cost saving

Typical costs savings through lower rates of arrears and lower vacancy rates, and lower capital and operating costs in Canada compared with other models.

### Social capital, sense of home and strong community

Stronger social networks, higher than other forms of housing.

### Health and wellbeing

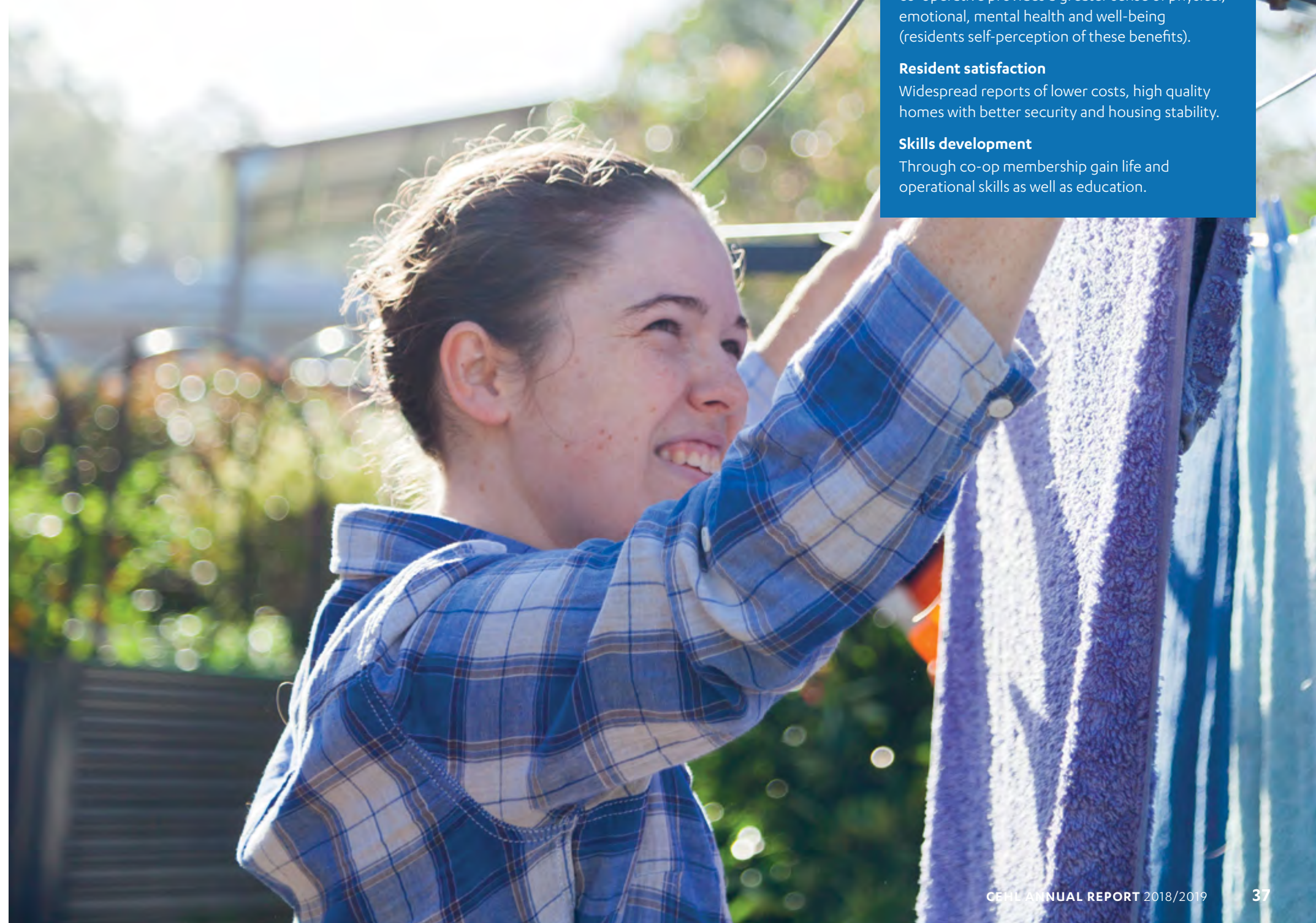
Widespread reports that living in a housing co-operative provides a greater sense of physical, emotional, mental health and well-being (residents self-perception of these benefits).

### Resident satisfaction

Widespread reports of lower costs, high quality homes with better security and housing stability.

### Skills development

Through co-op membership gain life and operational skills as well as education.





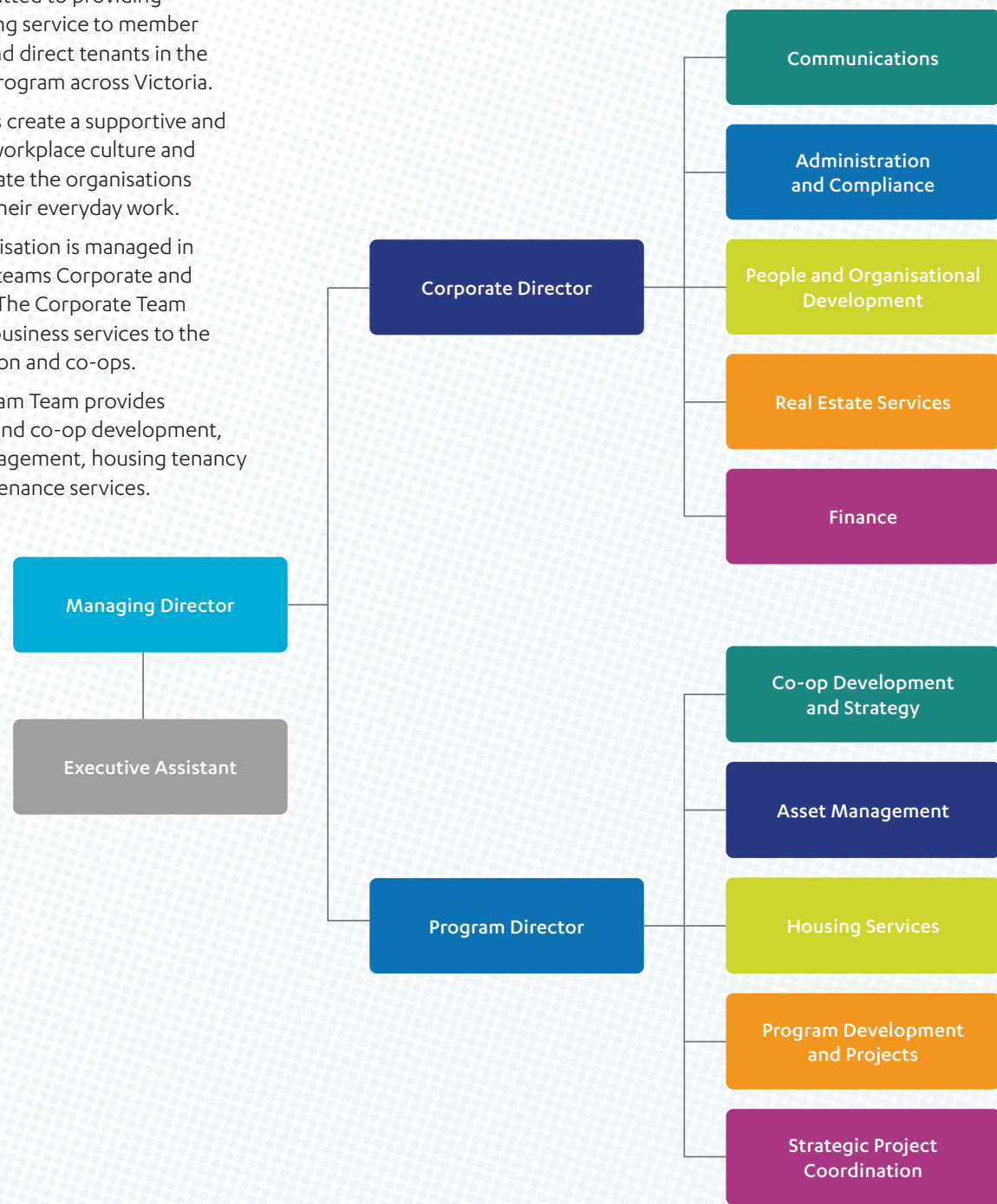
# HOW WE WORK

Our dedicated teams of employees are committed to providing outstanding service to member co-ops, and direct tenants in the housing program across Victoria.

Our teams create a supportive and inclusive workplace culture and demonstrate the organisations values in their everyday work.

The organisation is managed in two main teams Corporate and Program. The Corporate Team provides business services to the organisation and co-ops.

The Program Team provides program and co-op development, asset management, housing tenancy and maintenance services.



# GOVERNANCE

CEHL is a not-for-profit company limited by shares under the Corporations Act 2001. A Registered Housing Association, CEHL leverages private finance off its asset base and seeks partnerships and government funding to undertake property development and acquisition. As a Registered Housing Association, CEHL complies with

the Performance Standards under the National Community Housing Standards administered by the Victorian Housing Registrar.

Each year CEHL submits compliance reports relating to the management of tenancies, assets, financial viability, community engagement and governance.

CEHL's primary purpose is to provide affordable co-operative housing.

CEHL's constitution and strategic plan are available online at [www.cehl.com.au/AboutCEHL/Governance](http://www.cehl.com.au/AboutCEHL/Governance)

## BOARD OF DIRECTORS

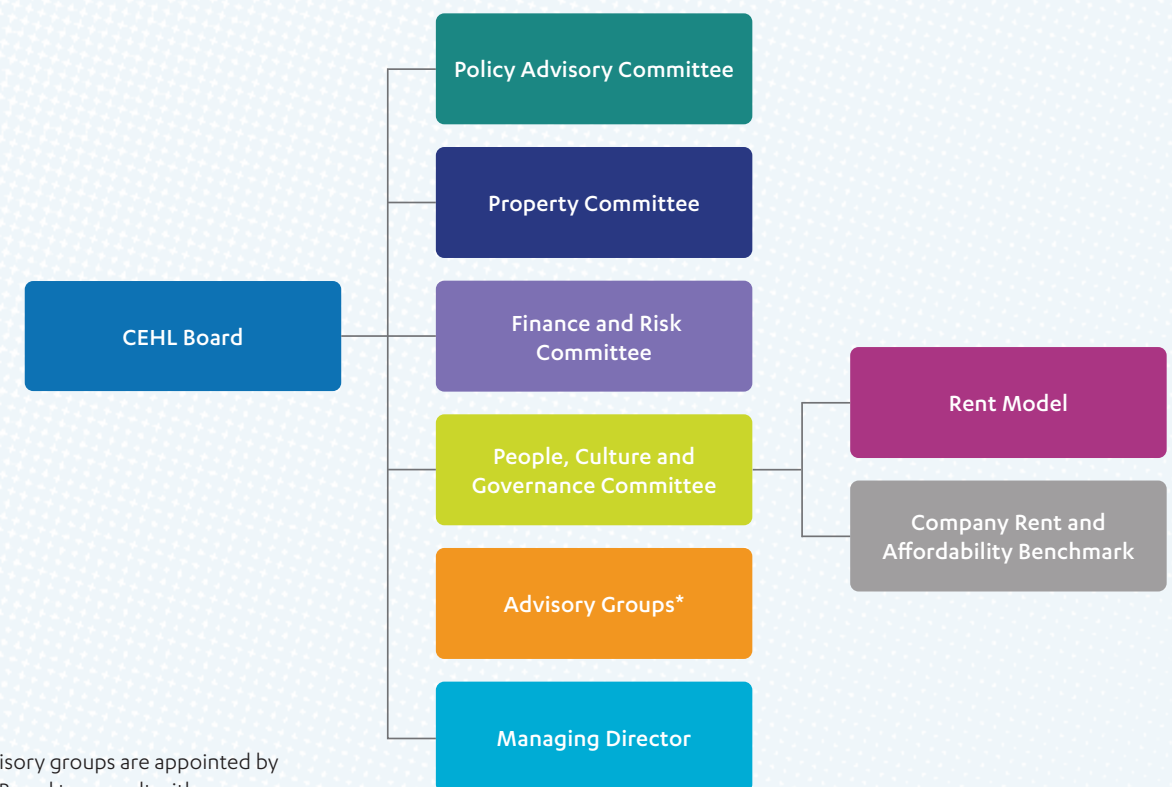
CEHL is governed by a Board of eleven Directors comprising

- Five co-op elected directors, including the Board Chair
- Five directors appointed for their technical skills
- The Managing Director, appointed by the Board.

Board committees made up of Board members and independent experts have the responsibility to progress strategic initiatives in Program Policy, Property, Finance and Risk, and People Culture and Governance.

The CEHL Board is responsible for the strategic management and the overall financial performance of CEHL.

On issues of strategic Program significance, the Board instructs CEHL to appoint an Advisory Group to consult with co-op members.



\*Advisory groups are appointed by the Board to consult with co-ops



# CEHL DIRECTORS



## Heidi Lee

### Chairperson and Co-op elected Director

**Qualifications** Master of Architecture (Research); Bachelor of Arts (Architecture) (Hons); Member of the Australian Institute of Company Directors

**Experience** Heidi has been participating in the Co-op Housing Program since 2011 and is a member of Merri CERC. Heidi was elected to the Board at the AGM in November 2015 and was appointed as Chairperson in November 2018.

**Board committee** Property Committee member



## Karren Walker

### Co-op elected Director

**Qualifications** Bachelor of Education (Secondary); Graduate Diploma in Applied Philosophy; Graduate Certificate in Housing Management & Policy

**Experience** Karren has been a CERC member since 1989. She has extensive management experience in the housing and homelessness sectors. Karren was elected to the Board at the AGM in November 2005 and was Chairperson from November 2009 until November 2018.

**Board committee** People Culture and Governance Committee member



## Sylwia Greda-Bogusz OAM

### Co-op elected Director

**Qualifications** Doctorate of Sociology; Masters in Behavioural, Psychology Education; Bachelor of Education (Management)

**Experience** Sylwia has been a Castle CERC member since 2013. Sylwia has extensive experience in multicultural and aged care services. In 2019 Sylwia received an Order of Australia Medal in 2019 for service to the Polish community of Victoria. Sylwia was elected to the Board at the AGM in November 2016.

**Board committee** Policy Advisory Committee member



## Gordon Kieselbach

### Co-op elected Director

**Experience** Gordon has been a member of Geelong West CERC since 2000. He has served as a police officer in the South Australian Police Department and has also worked in the insurance industry. Gordon was elected to the Board at the AGM in November 2018.

**Board committee** Finance and Risk Committee member



## Fiona Herman

### Co-op elected Director

**Qualifications** Bachelor of Health (Nursing); Master of Health and Human Services Management (ongoing)

**Experience** Fiona has been an active Member and Director of Endeavour CERC since 1999. She has been a member of the Property Committee, People, Culture and Governance Committee, and is currently the Board Representative and Chair of the Policy Advisory Committee. Fiona was elected to the Board at the AGM in November 2013.

**Board committee** Board representative and Chair of the Policy Advisory Committee

David Spenceley, Co-op elected Director. David resigned in 2018.

**CERC** = Common Equity Rental Housing Co-operative



## Joel Chibert

### Appointed Director

**Qualifications** Bachelor of Commerce; Member of Institute of Chartered Accountants (Australia and New Zealand); Fellow of the Australian Institute of Company Directors

**Experience** Joel is the Chief Financial Officer of the Walter and Eliza Hall Institute. He has previously held a range of senior finance roles in both the not-for-profit and commercial sectors. Joel joined the CEHL Board in 2012.

**Board Committee** Chair of Finance and Risk Committee



## Stephen Copland

### Appointed Director

**Qualifications** Bachelor of Town and Regional Planning

**Experience** Stephen is General Manager at National Pacific Properties. He is a highly experienced property developer with a background in the Ministry of Housing and Urban Land Corporation. He was a Urban Development Institute of Australia (UDIA) Board Director for over 10 years (including over 2 years as President). Stephen joined the CEHL Board in 2015.

**Board Committee** Chair of Property Committee



## Tony De Domenico OAM

### Appointed Director

**Qualifications** Bachelor of Arts; Member of Australian Institute of Company Directors

**Experience** Tony is a Director of the National Housing Finance and Investment Corporation (NHFIC). He was previously the Chair of AHURI, Deputy Chair of Development Victoria and CEO of the Urban Development Institute of Australia (Vic). Tony received an Order of Australia Medal in 2018 for urban planning, research and development in Victoria. Tony joined the CEHL Board in 2012.

**Board Committee** People Culture and Governance Committee, Chair



## David Williams

### Appointed Director

**Qualifications** Bachelor of Commerce; Bachelor of Education (Melbourne University); Diploma of Business (RMIT); Fellow of Certified Practising Accountants

**Experience** David is a director at Williams, Dodd & Associates Pty Ltd. David joined the CEHL Board in 2003.

**Board Committee** People, Culture and Governance Committee member



## Brodie Woodland

### Appointed Director

**Qualifications** Masters Public Administration; Bachelor of Commerce; Member of the Institute of Chartered Accountants (Australia and New Zealand); Fellow of the Australian Institute of Company Directors

**Experience** Brodie is a lawyer and governance adviser who has worked extensively in State Government. Brodie joined the CEHL Board in 2015.

**Board committee** People, Culture and Governance Committee member



## Stephen Nash

### CEHL Managing Director

**Qualifications** Master of Applied Science (Innovation and Service Management); Graduate Certificate in Housing Management and Policy; Associate Diploma in Welfare Studies

**Experience** Stephen has worked extensively in senior management roles in the Community Housing sector. Stephen was appointed Managing Director in November 2013.

**Board committee** People, Culture and Governance Committee, member; Property Committee, member; Finance and Risk Committee member



# OUR STAKEHOLDERS

## PROGRAM STAKEHOLDERS

- ▶ Common Equity Rental Housing Co-operatives (CERCs) and their members
- ▶ Community Managed Co-operatives (CMC) and their members
- ▶ VicWide tenants

## PARTNERS

- ▶ Business Council of Co-operatives and Mutuals
- ▶ Community Housing Ltd
- ▶ Doutta Galla Aged Services
- ▶ EACH Social and Community Health
- ▶ Harlea Properties (CEHL manages National Rental Affordability Scheme NRAS on their behalf)
- ▶ Housing Choices (Urban Choices)
- ▶ Launch Housing
- ▶ National Affordable Housing Consortium (NAHC)
- ▶ Villa Maria Catholic Homes
- ▶ Volunteering Geelong
- ▶ Women's Property Initiative

## PROFESSIONAL MEMBERSHIPS

- ▶ Affordable Housing Industry Advisory Group (AHIAG)
- ▶ Business Council of Co-operatives and Mutuals (BCCM)
- ▶ Community Housing Industry Association of Victoria (CHIAVic)
- ▶ Community Housing Industry Association (CHIA)
- ▶ Urban Development Institute of Australia (UDIA) Victoria Division

## FINANCIAL STAKEHOLDERS

- ▶ Bank Australia
- ▶ National Australia Bank
- ▶ Westpac

## GOVERNMENT

- ▶ Australian Federal Government (Department of Social Services)
- ▶ Consumer Affairs Victoria (Victorian Property Fund)
- ▶ Victorian Housing Registrar
- ▶ Victorian State Government (Department of Health and Human Services)





# FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

## DIRECTOR'S REPORT

### Principal activities and significant changes in nature of activities

The principal activities of Common Equity Housing Limited during the financial year was the management of residential properties leased to Housing Co-operatives, the management of the Co-operative Housing Program and the development of properties for the Co-operative Housing Program.

There were no significant changes in the nature of Common Equity Housing Limited's principal activities during the financial year.

### Review of operations

The operating surplus of the Company amounted to \$2,382,732 (2018: \$1,269,979). The deficit after property portfolio transactions and fair value adjustments was \$50,468,364 (2018: surplus of \$83,037,669).

The Company is of a kind referred to in Corporations Instrument 2016/91, issued by the Australian Securities and Investment Commission, relating to "rounding-off". Amounts in this report have been rounded-off in accordance with that Corporations Instrument to the nearest dollar.

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company 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 Company, the results of those operations or the state of affairs of the Company in future financial years.

### Future developments and results

The company expects to maintain the present status and level of operations.

### Environmental regulation

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

### Shares under option and issued under the exercise of options

There were no unissued ordinary shares of the Company under option outstanding at the date of this report.

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

### Company secretary

The company secretaries are Bradley Hosking and Timothy Dart.

	2019 (\$)	2018 (\$)
Operating Surplus	665,732	1,169,979
Capital Grants	1,717,000	100,000
<b>Surplus from operations</b>	<b>2,382,732</b>	<b>1,269,979</b>
Fair value adjustment	(53,117,091)	81,455,511
Other adjustments	265,995	312,180
<b>Surplus for the year</b>	<b>(50,468,364)</b>	<b>83,037,669</b>

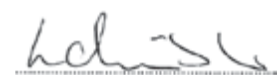
### Auditor's independence declaration

In accordance with section 307C of the *Corporations Act 2001*, in relation to our audit of the financial report of Common Equity Housing Limited for the financial year ended 30 June 2019 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

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



Stephen Nash Director



Joel Chibert Director

Melbourne, 25 September 2019

### Meetings of Directors

During the financial year, fourteen meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance and Risk Committee		People, Culture and Governance Committee		Property Committee		Policy Advisory Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Joel Chibert	14	12	4	4	-	-	-	-	-	-
Stephen Copland	14	11	-	-	-	-	4	4	-	-
Tony De Domenico OAM	14	14	-	-	4	3	-	-	-	-
Sylwia Greda Bogusz OAM	14	14	-	-	-	-	-	-	3	2
Fiona Herman	14	13	-	-	-	-	-	-	3	3
Gordon Kieselbach	9	7	2	2	-	-	-	-	-	-
Heidi Lee*	14	13	2	3	2	2	4	4	-	-
Stephen Nash	14	13	-	-	4	4	4	4	-	-
David Spenceley	1	1	-	-	-	-	-	-	-	-
Karren Walker*	14	13	2	-	4	4	2	-	-	-
David Williams	14	13	-	-	4	3	-	-	-	-
Brodie Woodland	14	13	-	-	4	3	-	-	-	-

\* The Chairperson is eligible (but not required) to attend any meeting of the Committees of the Board



## STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2019

	2019 (\$)	2018 Restated (\$)
Revenue	18,747,823	17,388,094
Administrative expenses	(7,930,511)	(7,257,632)
Finance costs	(1,836,539)	(1,869,054)
Depreciation and amortisation expense	(523,435)	(576,939)
Property expenses	(6,074,606)	(6,414,490)
Gross surplus	2,382,732	1,269,979
Gain on disposal of assets	18,142	64,326
Fair value adjustment - investment property	(50,748,430)	81,516,709
Fair value adjustment - other financial assets and liabilities	(2,368,661)	(61,198)
Grant amortisation	247,853	247,853
(Deficit)/surplus for the year	(50,468,364)	83,037,669
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(50,468,364)	83,037,669

## STATEMENT OF FINANCIAL POSITION

As At 30 June 2019

	2019 (\$)	2018 Restated (\$)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	9,464,427	5,610,041
Trade and other receivables	5,708,457	2,097,875
Other assets - prepayments	110,431	113,605
<b>TOTAL CURRENT ASSETS</b>	<b>15,283,315</b>	<b>7,821,521</b>
<b>NON-CURRENT ASSETS</b>		
Other financial assets	1,648,176	1,936,163
Property, plant and equipment	9,329,363	8,549,668
Investment properties	837,721,841	893,453,357
<b>TOTAL NON-CURRENT ASSETS</b>	<b>848,699,380</b>	<b>903,939,188</b>
<b>TOTAL ASSETS</b>	<b>863,982,695</b>	<b>911,760,709</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	5,544,384	5,693,689
Financial liabilities	39,992,500	27,341,501
Employee benefits	640,385	668,154
<b>TOTAL CURRENT LIABILITIES</b>	<b>46,177,269</b>	<b>33,703,344</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial liabilities	27,448,985	37,363,957
Employee benefits	253,043	121,642
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>27,702,028</b>	<b>37,485,599</b>
<b>TOTAL LIABILITIES</b>	<b>73,879,297</b>	<b>71,188,943</b>
<b>NET ASSETS</b>	<b>790,103,398</b>	<b>840,571,766</b>
<b>Equity</b>		
Issued capital	119	123
Reserves	547,240,411	549,321,085
Retained earnings	242,862,868	291,250,558
<b>TOTAL EQUITY</b>	<b>790,103,398</b>	<b>840,571,766</b>



## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2019

2019	Ordinary Shares (\$)	Retained Earnings (\$)	Cash Flow Hedges (\$)	General Reserve (\$)	Total (\$)
<b>Balance at 1 July 2018</b>	<b>123</b>	<b>291,250,558</b>	<b>(893,218)</b>	<b>550,214,303</b>	<b>840,571,766</b>
Deficit attributable to members	-	(50,468,364)	-	-	(50,468,364)
Transfers to/ (from) retained earnings/reserves	-	2,080,674	(2,080,674)	-	-
Shares brought back during the year	(4)				(4)
<b>Balance at 30 June 2019</b>	<b>119</b>	<b>242,862,868</b>	<b>(2,973,892)</b>	<b>550,214,303</b>	<b>790,103,398</b>

2018 Restated	Ordinary Shares (\$)	Retained Earnings (\$)	Cash Flow Hedges (\$)	General Reserve (\$)	Total (\$)
Balance at 1 July 2017 restated	123	208,151,691	(832,020)	550,214,303	757,534,097
Surplus attributable to members restated	-	83,037,669	-	-	83,037,669
Transfers to / (from) retained earnings/reserves restated	-	61,198	(61,198)	-	-
<b>Balance at 30 June 2018</b>	<b>123</b>	<b>291,250,558</b>	<b>(893,218)</b>	<b>550,214,303</b>	<b>840,571,766</b>

## STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2019

	2019 (\$)	2018 (\$)
<b>Cash flows from operating activities:</b>		
Receipts from rental income and grants	15,055,605	17,146,171
Payments to suppliers and employees	(14,047,615)	(12,523,799)
Interest received	81,636	36,726
Interest paid	(1,836,539)	(1,869,054)
Net cash provided by operating activities	(746,913)	2,790,044
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of plant and equipment	-	65,127
Proceeds from disposal of investment property	11,925,365	6,190,476
Purchase of financial assets		(337,817)
Purchase of property, plant and equipment	(326,255)	(882,078)
Payment for investment properties and projects	(6,942,280)	(1,194,000)
Net cash provided by investing activities	4,656,830	3,841,708
<b>Cash flows from financing activities:</b>		
Repayment of borrowings	(55,531)	(5,893,909)
Net cash provide used in financing activities	(55,531)	(5,893,909)
Net increase in cash and cash equivalents held	3,854,386	737,843
Cash and cash equivalents at beginning of year	5,610,041	4,872,198
Cash and cash equivalents at end of financial year	9,464,427	5,610,041



## DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 27, are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards- Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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




Stephen Nash                      Joel Chibert  
Director                              Director

Melbourne, 25 September 2019

## Auditor's independence declaration to the directors of common equity housing limited

In accordance with section 307C of the Corporations Act 2001, in relation to our audit of the financial report of Common Equity Housing Limited for the financial year ended 30 June 2019 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



PKF Melbourne Audit &              Steven Bradby  
Assurance Pty Ltd              Partner

Melbourne, 25 September 2019

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMON EQUITY HOUSING LIMITED

### Opinion

We have audited the accompanying financial report of Common Equity Housing Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

In our opinion, the financial report is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the financial position of the Company as at 30 June 2019 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Stephen Nash Director



Joel Chibert Director

Melbourne, 25 September 2019



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