OUR MISSION

Compass Housing Services aim is to be a successful company having harmony between business operation, sustainability and community values. And to provide a community service based on empathy, accountability, social cooperation and vision.

To achieve these aims and values Compass:

1. Manages housing stock and tenancies to “best practice” standards.
2. Endeavours to enlarge social and affordable housing stock to benefit more prospective tenants.
3. Contributes to housing policy debate and development.
4. Advocates and assists less advantaged members of the community into housing and independence.
5. At all times demonstrates sensitivity and support for community values.
CHAIRMAN’S REPORT 2007-08

This report marks the end of my first year as Chairman and it has indeed been a hectic one. To begin with, and on behalf of the board, I would like to congratulate our CEO Greg Budworth and his team who have once again delivered results beyond our expectations and who have worked to ensure that Compass has become a leading player in the community housing sector.

I would also like to acknowledge the dedication of my fellow Directors, particularly because this year has seen a considerable amount of change, challenge and opportunity that has required an unusual degree of board activity.

In a year that has seen the need for community and affordable housing reach crisis levels and a welter of new policy initiatives at both State and Federal levels, it is difficult to know where to begin a summary but a number of highlights come to the fore.

This year Compass welcomed Broken Hill to its growing family when it took over the service of Housing NSW becoming the single service provider for the Broken Hill area. Compass commenced operation in Broken Hill on the 6 April 2008 and members of the board received positive feedback from tenants we were able to meet when we visited in June. We look forward to returning in the next year and hope that Broken Hill tenants will be active members of Compass.

One of the most significant milestones of the year was our success in winning the ‘Growth Provider’ tender. This means that Compass is the preferred housing provider to receive substantial growth and assistance in development by the Office of Community Housing for the Hunter and Central Coast region. This was an important landmark for the organisation and represented a ringing endorsement for the progress Compass has made in recent years.

Another major tender win was $1.3m in funding under the NSW Government’s Debt Equity 2 program for development of 11 dwellings in the Cessnock area in partnership with Cessnock Council. Compass also successfully applied for $600,000 funding under the Affordable Housing Innovations Fund program for development of 4 dwellings in Wallsend. These initiatives mark early forays into developing dwellings ourselves to house more families rather. This is an area of opportunity that we expect to see grow to meet the ever increasing needs in the community.

Compass has seen significant growth and is expecting that trend to continue over the next five years, requiring an increase of skills and specialization among the Board and Staff. The two groups spent 2 days in March at a Business planning workshop, to lay the foundation for a further business plan presently under construction.

One of the Board’s key targets for this coming year is to perfect a tenant participation and community development model that will accommodate the growth and sophistication of having multi-sites and distinct communities while at the same time have a sense of all being a part of Compass.

On this note, I would like to thank Michelle Robinson, who is the Chairperson of the Tenant Reference Group as well as a Director, for her hard work and diligence in performing these two roles equally well.

Finally, last year at the NSW National Housing Conference annual dinner I was guilty of giving our CEO a hard time because we didn’t walk away with any awards. Greg rose to the challenge and at this year’s event Compass came away with an armful of prestigious awards (four in total) a great metaphor for the year just gone and all that has been achieved.

Matthew Crozier
Chairman
Compass continued the strong financial performance of recent years through 2007/2008, achieving an $836,581 operating surplus for the period. This figure represents a 33% increase on last year’s result of $631,550.

Income from tenants rose 30% and government grants increased almost 21% from last year on account of the addition of close to 300 houses to the Compass portfolio from stock transfer programs in the Hunter Region and the commencement of operations in Broken Hill. Income from other sources increased 112% to $1,185,403 with most of this increase attributable to the $900,973 received from Housing NSW for upgrades to $1,185,403 with most of this increase attributable to the $900,973 received from Housing NSW for upgrades of the transferred housing stock.

The higher number of properties under management combined with increases in rents paid to landlords for the leasehold stock led to a 33% increase in direct property expenses to $5,749,665. Some $915,577 of this amount relates to repairs and upgrades of stock transferred from Housing NSW. Other combined maintenance expenses totalled $651,445, an increase of 18% over last year. Indirect costs also rose by some 43% or $404,216 during the year, reflecting a step increase in the levels of staffing, office facilities and associated infrastructure to support the growth in operations realised through the year and anticipated over the year ahead.

Compass’s impressive financial performance through the year enhanced the company’s already strong financial position. Total assets increased by $670,624 and total liabilities decreased by $165,957. The company’s equity increased by $836,581 to $3,548,655 on account of the operating surplus.

Compass ends the 2007/2008 financial year with a well maintained and diverse housing portfolio, sound financial management systems, and a strong asset base including substantial cash reserves. It is well placed to partner with the Commonwealth Government, State Governments and the private sector in the year ahead in pursuit of growth opportunities to help meet the significant and growing demand for affordable housing in NSW.

Housing Conference for Outstanding Performance in all areas (a very prestigious award), as well as, other awards. Compass was honoured at the 2008 NSW Community Housing Conference for Outstanding Performance in all areas (a very prestigious award), as well as, other awards. In short, it has been a very good year for Compass.

Results for 2007-08

Following is a snapshot of the highlights of our year:

- Success in Debt Equity tender for development of affordable housing, resulted in approval to receive a grant of $1.3m to develop affordable housing in the Cessnock area. Cessnock Council also partnered us in this project and have virtually donated two blocks of land with an estimated value of $300,000. Final negotiations are still in progress and so are not reflected in the financial figures for 2007-08.
- Success in Affordable Housing Innovations Fund tender to develop affordable housing in Wallsend resulted in approval to receive grant funding of $600,000 in 2007-08, also not yet reflected in the financial figures.
- Success in Growth Provider status tender resulting in being given preferred status for receipt of Housing NSW redevelopments in the Hunter and Central Coast regions, receipt of the majority of stock transfers from public to community housing in the region over the next 10 years and preferred access to funding from NSW and under the Federal Government’s National Rental Affordability Scheme.
- Success in tender for the delivery of housing services in Broken Hill has resulted in expansion to that region, setting up Compass office and delivering services as the sole housing provider in the area for both Housing NSW, and by agreement also with the Aboriginal Housing Office. Fiona Dhu went out from here as the initial manager. Since then, Chelsea Morris and Greg Pearce have been employed. They are a great team.
- Compass was awarded at the September 2008 NSW Community Housing Awards with Outstanding Performance in all areas of overall governance, management and tenant outcomes – the second highest honour, and was also awarded for outstanding performance in Tenant Participation, Tenant Service and the Excellence Award for Annual Reporting.
- The net result in properties under management has increased from last year by 20.6% (700 to 944). A comparison over 5 years shows the growth trend.
Compass net surpluses increased by $324,495 to $836,581 an increase of 64% on last years result. Planned Maintenance expenditure was less this year over last year by $33,470 or 16% with a total of $178,124 being expended. The previous year was higher particularly due to the exterior repainting of a large unit complex costing over $70,000. This year did not have a single large expenditure item. The combination of net surplus and planned maintenance expenditure for this year was $1,014,705 up from $723,684 from last year, an increase of just over 40%. A comparison of the last 5 years is graphically represented below.

Planning for 2007-08

A joint Board and Staff strategic workshop held in March 2008 identified several future suggestions for business opportunities in the longer term, and in the short term, agreed to commence a new office in the East Maitland area in 2008, investigate the feasibility for a further office in the southern Lake Macquarie or Central Coast area in 2009 and to restructure the company to accommodate a reasonably fixed central HQ and a branch office structure.

All of these short term objectives are in progress and the preferred location of a new southern office is now in the Central Coast – as growth is anticipated in that area over the next few years from Warnervale to Woy Woy.

The Business Plan 2008-2013 is nearing completion and is undergoing a final review by various stakeholders and by the Directors.

At the drafting of this report, the National Centre for Social and Economic Modelling (NATSEM) has estimated that in December 2007, there were 685,000 low and middle income families in Australia, or one in five households, who rent their dwelling, suffering from housing stress. Housing stress is where low to moderate income earning households pay more than 30% of their earnings on rental payments.

The Hunter Valley Research Foundation estimates that by the end of 2006, of the 103,076 properties known to be rental properties in the Hunter an estimated 36% of the households occupying these rentals are in housing stress. In numerical terms that is an estimated 37,107 households. These households are experiencing very high rental prices produced by a lack of supply of rental housing.

Compass has seen an exponential rise in applicants for rental housing in recent years (rising from 800 in 2004 to 2400 in 2008) and that rise is likely to continue throughout this business period as market forces and or government interventions are not expected to substantially affect this trend.

In relation to low levels of available rental dwellings, the Real Estate Institute of Australia has published data that residential rental vacancy rates are less than 2% in all Capital Cities and among other regional areas, including the Hunter, which according to the Hunter Valley Research Foundation (HVRF) is actually 1.5% for the Hunter Region and just over 1% for Newcastle. A vacancy rate of less than 2% generally denotes a very full rental market.

Similar results are also seen in small towns and particularly so where the mining industry employees and contractors affect demand for housing. This effects the Upper Hunter and Broken Hill as well and those areas are also particularly affected by the boom and bust associated with the mining sector. At the time of drafting this report, The Upper Hunter mining sector is attracting more people to Upper Hunter towns, while Broken Hill is going though the pains of some large retrenchments and some mine closures.

It is not expected that any market forces or government interventions, like the National Rental Affordability Scheme (NRAS), will greatly mitigate the crisis in declining housing stock availability for at least 2 to 3 years, although the NRAS initiative of the Rudd Government and the NSW Government’s programmed companion contribution into that scheme is particularly welcomed and the anticipated development of new stock is being rolled out at a rate that will not unduly create inflationary pressure from the residential property sector.

Compass has been a part of proposals to develop and or manage the properties of other developers under the NRAS. Our success with any or all of these proposals will be known in 2008-09. As a growth provider in NSW, Compass is also looking forward to working closely with Housing NSW, the Office of Community Housing and the Centre for Affordable Housing, partnering with them for the development of more housing supply in our regions.

I would like to acknowledge the valued work, skill and integrity of my executive team: Geoff Wooden, Lyndall Robertshaw and Peter Perriss, our Branch Managers: Jennifer Fitness, Judi Scotts and Chelsea Morris and all of our hard-working, caring and committed staff, without whom the Compass success story for 2007-08, would not have occurred.

I would also like to thank the Board for all their commitment to Compass and the many hours of discussion that very complex, detailed and lengthy assignments have had to be analysed.

Finally, I would like to thank the vast majority of our clients who diligently fulfil their work in their lease undertakings and for those who volunteer time to assist other clients in the Compass family (like our Tenant Reference Group). Thank you.

Greg Budworth
CEO
The last 12 months have been very successful, exciting and definitely rewarding for Compass Housing Services. The re-branding of Compass Housing Services from Newmacq Community Housing started the year in a very positive way.

The growth of the company has come across partially from Stock Transfers from Housing NSW which has included existing tenanted stock, vacant stock transfers, and acquisitions of newly built stock as well as upgraded stock.

Compass has also been successful in being awarded funding through the Centre for Affordable Housing’s Debt Equity II for $1.3m to develop eleven (11) dwellings at Cessnock and also $600k to develop four (4) dwellings at Wallsend through the Affordable Housing Innovations Fund. You should see some photos of these and hopefully other developments in next years report.

As well as the growing numbers in housing stock, we have seen a growing number of applicants on our waiting lists and the need for affordable housing is growing daily.

The success in receiving four awards at the NSW Community Housing Awards shows the efforts and commitment that the Board and the staff have put in and achieved throughout the year, but the highlight of the year for Compass was being awarded Growth Provider status in NSW, which will see a significant growth in Compass over the years to come.

Affordable Housing has seen some of the tenants move into home ownership and some move into private rentals which is a wonderful thing to see, and I wish all of these families all the very best. This also allows applicants from the waiting list to be housed and allows them the opportunities that the Affordable Housing Program provides.

My section has also been involved with relationships with the development and construction sector and putting together submissions under the Commonwealth Government’s National Rental Affordability Scheme. We look forward to growth in affordable housing provision through that Scheme and also participation in moderate scale project management of property developments.

This year Stephen Sharpe, an experienced development and construction project manager, was employed to assist Compass in its project management capabilities. This coming year should see many projects commenced.

Continued growth of Compass provides more opportunities for Compass, our clients and our community and I see the year to come being as successful as the year we have just had.

Lyndall Robertshaw
Executive Manager
Business & Project Development
Compass Housing Services has moved forward during the last 12 months to a position that could not have been foreseen last year. The work has been exciting and rewarding particularly in the area of asset growth and the expansion of Compass into new areas of business like the Central Coast and Broken Hill.

The transfer of housing stock from Housing Services NSW continues to flow through to Compass with the upgrade of many of these properties being brought to asset standard. Much hard work has been undertaken by our selected contractor Alliance Network International to achieve this and my thanks go to them.

The transfer to Compass of some 50 newly built and newly acquired dwellings also allowed us to provide much needed housing in a tight property market right across our area of operation.

My work during the last 12 months as Assets and Regional Operations Manager however was in part dominated by the expansion of Compass Housing into Broken Hill and Wilcannia in far west NSW. The process was arduous with meetings in Sydney and public presentations in Broken Hill but after much hard work by a lot of staff, Compass was awarded the business. Fiona Dhu from our Newcastle office agreed to act as interim Manager in the initial months. We have since engaged Chelsea Morris as Manager with Greg Pearce as Property and Maintenance Coordinator to manage Compass’s interests in Far West NSW. We wish them every success.

In addition to the public and community housing properties we took over, Compass also proceeded to negotiate with the Aboriginal Housing Office for the management of 36 properties in Broken Hill, Wilcannia and Menindee which we were successful with. Thanks to the efforts of our local staff we feel a valuable understanding has now been reached with the local indigenous population which we would like to strengthen as time moves on.

Upper Hunter properties from Singleton to Scone are due for upgrading shortly. Overall I believe we have lifted the standard of our managements to a much more acceptable level making life more pleasant for our tenants.

One trend we have noticed over the year is the reduction of after hours call outs which is always welcome. We believe that it is in part attributed to the increased attention to responsive maintenance coupled with our substantial planned maintenance program. To all our regular contractors who were involved in making this happen a big thank you.

Next year looks like it will also shape up to be a big year with our growing involvement on the Central Coast. At this juncture last year who could have predicted we would be in Broken Hill and Wilcannia so who can foretell this year what the future holds for Compass?

Peter Perriss
Executive Manager Operations
The social housing team in the Newcastle Office has been through many changes in the past 12 months as Compass continues to grow. Our community, like many others, has seen the effect of several interest rate rises and has been burdened by a rental crisis and as a result there have been far more than the average numbers of leaseholds being sold by owners, which need to be replaced, and an increasing number of applicants in need of housing assistance have applied for relief through Compass.

This year we were able to house 14 applicants from our waiting lists and also house 29 in our supported housing program. We partner with more than 10 support agencies in the Lower Hunter and this year we began a support partnership with DADHC (Department of Ageing Disability and Home Care). I would like to thank all our support partners for their valued care of our clients.

There have been a number of staff movements during the year, some moving to other cities, but the staff recruited during the year are all hard working, and show that the Lower Hunter office and its Housing Management but all staff attended a 2 day company conference at Cam Wharf. This was valuable to everyone in building relationships and forming new friendships as we contributed to the Business Planning of Compass.

Further opportunities for Housing Management were obtained by attending Cultural Awareness training to understand the indigenous community and their beliefs and values. This was enjoyed by all.

We have recently introduced a new CRA Rent Guideline under the NSW Governments Community Housing Rent Policy, changing the way rents are calculated for tenants. These changes are part of Planning for the Future to grow the community housing sector and increase the amount and quality of community housing.

Further growth in property numbers has come from new property acquisitions from NSW Land and Housing in the Newcastle and now also in the Central Coast area. With this came the establishment of ICAS (Interim Common Access Strategy) in which Compass works with the Department of Housing to allocate tenants to properties through an agreed process. Many more new tenants have been established by Compass through this process.

All of these changes have kept me extremely busy introducing new policies, integrating new ideas, training new staff, attending Housing Conferences, carrying out Media Training and ensuring quality housing management services are provided to all tenants and clients.

Overall, any new (and old!) challenges are very welcoming and show that the Lower Hunter Office and its Housing Management team are outstanding performers in all their duties.

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UPPER HUNTER REPORT 2007-08

The Upper Hunter has once again had a very successful year, gaining a reputation of a professional and supportive organisation throughout the region.

The office covers Scone, Aberdeen, Muswellbrook and Singleton. This involves a lot of travel and flexible working hours to accommodate all areas of the housing sector.

During the year I have changed a lot of properties, handing back a few to make way for better quality properties. We have also gained new ones from private owners and Real estates. I have established and improved the reputation and quality of service of community housing throughout the Upper Hunter. I now have phone calls every week offering more properties for lease but unfortunately we can only accept a limited amount.

The Scone office has undergone renovations and to allow an uncluttered professional office space to be established. Within the building we have 2 office spaces and a larger meeting room.

This space has recently been utilised by services from Upper Hunter Community Services and from this, new partnerships and referrals have been made. I am confident during the following year more services can join us in using this valuable space hence increasing our networking and service provision.

I have been grateful to have worked with many services, agencies and businesses throughout the year, and are always willing to go out of their way to assist whatever the situation or need.

Compass has succeeded in great improvement during the past year and I am sure will expand and grow to be even more successful next year.

Judi Scotts
Branch Manager Upper Hunter
We employed a local in the role of Property Maintenance Co-ordinator. Greg Pearce has a background in welfare and housing. His ability to communicate with our tenants and to carry out minor maintenance for them has allowed us to improve our level of service and to maintain a high standard of asset management.

The Manager of the Broken Hill office is also a local with a background in Real Estate. Chelsea Morris has continued to build strong working relationships with the local networks whilst implementing all of Compass Housing’s procedures and policy.

Compass Housing Broken Hill sees itself as part of the community. We see our role as a partnership to help our tenants achieve their potential, not just as tenants but as members of the community. We don’t have the means to solve the housing crisis or prevent homelessness in Broken Hill but we can offer support, guidance, and genuine interest in helping applicants find, and maintain, suitable housing. As Compass Housing grows so does our community. By empowering our tenants we help grow a community that is resourceful, strong and connected.

I have now returned to the Newcastle Office and Chelsea Morris (Branch Manager Broken Hill) has taken on her role with professionalism and enthusiasm. I believe she will serve her community very well.

Fiona Dhu
Branch Manager Broken Hill (interim)
over two days and they were proud to be part of Compass and to assist in receiving our awards.

2007-08 Highlights

The Compass Annual Tenant Christmas picnic this year attracted over 500 tenants. This amazing event is continually growing each year and is a huge success. This is a free event for all Compass tenants and their immediate families. Highlights of the day included many amusement rides such as a giant slide, a jumping castle, a ferris wheel, the pirate ship, put put golf, a merry go round and cars. We also had face painting, a fantastic live band ‘Remedial View’ who entertained our huge crowd, we had local fire fighters attend in several fire trucks who allowed the children onboard the fire trucks. Santa and his helpers attended and gave out show bags and lollies. We had the lions club assist with our catering by cooking our sausage sizzle and there were also prizes, food hampers and certificates given out to our tenants.

Some social highlights this year included tenant BBQ’s, bus trips to the Big Buzz Day Out theme park and Luna Park, a dinner/theatre night at The Kavon theme restaurant, Turtle Talk, an indigenous workshop which was held over 3 days during school holidays for indigenous children.

Compass also arranged a free Wills and Power of Attorney seminar, a Housing Loan Scheme seminar and a Gardening Competition.

Tenant Groups

Tenant groups have provided Compass with valuable feedback and have been successful in obtaining Funding Grants from other organisations. Compass also donates money and resources to tenant projects. Compass recently donated $200 to a tenant group at Broadmeadow for a gardening project. These tenants worked together with the Community Development Officer and Hunter Central Coast Tenants Advisory Council who arranged free plants, gardening equipment and soil. Tenants along with Compass and HCCTAC enjoyed a day of gardening, followed by a community BBQ.
During 2008/2009 the group has achieved putting together the Terms of Reference and our own Constitution for the approval of the board. We will be looking and working through the policies and procedures for tenancy management to see if any changes are required. The CTRG has also initiated the project of getting plastic shields approved to be placed on security doors when general maintenance is been done. The CTRG also wants to divide up into committees to work on social outings and also to work with the office on surveys. During the next 12 months the CTRG will be assisting with tenant participation in the Upper Hunter and Broken Hill – in line with the overall strategy being presently discussed by the Board.

I would like also to take this opportunity in thanking both the board and staff of Compass for giving the CTRG the support and confidence we need at times to achieve the things that we have been able to achieve in 2007/2008.

To finish off I would like to congratulate Compass in receiving awards for Outstanding Achievement for tenant participation and Tenant Services, and by our group being formed, just shows that Compass likes the tenants to be involved within their service.

Michelle Robinson
Chairperson CTRG

COMPASS TENANT REFERENCE GROUP (CTRG) REPORT 2007-08

Firstly I would like to explain what the group does when we meet the 2nd Tuesday of each month, and would also like to invite new members to join.

Each month the members of the group meet to discuss issues that the board would like us to look at as well as initiatives of our own. For example: Policies and Procedures, as well as, putting together our Terms of Reference for the CTRG. Also we look at any other issues that might come up in regards to security of dwellings, maintenance etc.

The members of CTRG are the following – Michelle Robinson (chair), Pat Hunter (sec), Wally Whiting and Annie Gane. I would like to take this chance to thank all of you for being apart of the group and for your contribution throughout 2007/2008 which is very much appreciated. Thank you to Pat for spending hours doing all of the agenda’s and correspondence for the CTRG.

During the year I was fortunate to go to a couple of conferences and was also able to be a part of the opening of the new office at Broken Hill. On that trip I had a chance to have a morning tea with tenants out there and get a feel if they were interested in having a tenants group, I was very happy when they were interested in starting a CTRG in Broken Hill. When I went to the Power Housing conference I learnt a lot about what Power Housing does as an organisation.

During 2008/2009 the group has achieved putting together the Terms of Reference and our own Constitution for the approval of the board. We will be looking and working through the policies and procedures for tenancy management to see if any changes are required. The CTRG has also initiated the project of getting plastic shields approved to be placed on security doors when general maintenance is been done. The CTRG also wants to divide up into committees to work on social outings and also to work with the office on surveys. During the next 12 months the CTRG will be assisting with tenant participation in the Upper Hunter and Broken Hill – in line with the overall strategy being presently discussed by the Board.

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Michelle Robinson
Chairperson CTRG

Kimberley Jones
Community Development Officer

Tenant Incentive Scheme

The Tenant Incentive Scheme is a rewards system for Compass Housing tenants. Tenants are awarded prizes, vouchers, certificates and discounts on sponsored events for maintaining rental and invoice payments and general upkeep of their properties.

Community Development Grants

Compass was awarded a $5000 funding grant from the Office of Community Housing for community development which was used to build a community garden for elderly tenants in Windale. A water tank, a drip irrigation system, a gardening shed, equipment, plants and vegetables as well as soil and logs were purchased. Tenants along with staff from the Eco Shop and our Community Development Worker worked together to complete the project. The Minister for Housing and Tourism officially opened the community garden and all involved celebrated with morning tea overlooking the beautiful new gardens.

Compass was also awarded a $5000 funding grant from the Newcastle Permanent for recent Indigenous workshops held over three days of school holidays. The children had lots of fun painting aboriginal art, telling and listening to dreamtime stories, playing games and enjoying the sausage sizzle. An Indigenous trainer kept the children active over the three days and all of the children who attended had a great time.

Kimberley Jones
Community Development Officer
Compass has continued to grow rapidly during 2007-08. This has given the finance team the opportunity to gain experience and skills in new areas as they have worked to meet the challenges thrown up by the increased size and complexity of the organisation. A number of projects and tender application involvement have provided the highlights in a very successful year. Some of the achievements and activities that the finance group were involved in during the year were as follows:

- The successful setup of Broken Hill Office. This involved the initial planning and set-up of appropriate accounting and administration systems to ensure a smooth continuity of business from the Department of Housing and the Broken Hill Community Tenancy Scheme. Significant time and resources were expended in sorting out transitional arrangements between the Department of Housing and the representatives of the former Broken Hill Community Tenancy Scheme and in supporting Compass operations staff.

- The instigation and successful roll-out of revised assessment criteria for social housing waiting list applicants. The process was initiated by the Waiting List Manager, who felt that the criteria being used for assessing housing applications should be revisited to reflect changing applicant needs and community views of those deemed most needy and deserving of housing priority. This led to a broad-based survey of those community groups viewed as having an interest in housing priority such as applicants, support agencies, other short and long-term housing providers, the Department of Housing, Real Estate Agents and others. A team of staff collated the results, determined the highest priority criteria based on the respondents’ feedback and devised a new set of assessment criteria which was subsequently approved by the Compass Housing Services’ Board of Directors. These new criteria have now been applied to all social housing applicants on the Compass Housing Services Waiting List.

- Assistance in the preparation of tender applications for Growth Provider, Debt/Equity 2 and Affordable Housing Fund Tenders. The organisation was successful in all three tenders in one form or another.

- The successful rebadging of Newmacq Community Housing to Compass Housing Services. A lot of work was done behind the scenes to ensure suppliers, tenants and other parties were aware of the changes and to ensure that accounting systems, reports and financial correspondence reflected the change in name.

- Upgrading of the organisation’s IT infrastructure. This included the investigation of the Company’s current and future IT hardware needs and the seeking out of potential providers. There was extensive review of the proposals received, leading to the recommendation of a preferred supplier to the Board of Directors. The preferred supplier has successfully upgraded the organisation’s computer system in the new financial year. ADSL services were rolled-out in Scone and Broken Hill to provide a more robust link to the Compass Head Office than previously existed.

- An increase in the net operating surplus of the organisation from $631,550 to $836,581. This reflected the growth in property numbers from 650 to 944 during the year and also the growth in non-tenancy management income areas such as stock upgrade works.

In addition to these major tasks, I would like to thank the rest of the finance team for their continuing efforts in ensuring that the Company’s day-to-day accounts and administration functions continue to operate smoothly. It is these essential activities that provide Compass Housing with the stability on which future growth can be built.

Geoff Wooden
Chief Financial Officer
Directors’ Report

Directors

Your directors present their report on the Company for the financial year ended 30 June 2008.

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

Matthew Crozier     Tim Curran
Sandra Calland      Sue Dark
Kwesi Addo      Matthew Dougherty
Roseanne Chalmers      Richard Stacey (resigned 8/10/2007)
Michelle Robinson (appointed 14/11/2007)  Ron Gordon (resigned 20/7/2007)

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

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Mr Greg Budworth – Mr Budworth has worked for Compass Housing Services Company Limited for the past 4 years previously working in other human services agencies and was appointed company secretary on the 4 April 2004.

Principal Activities

Compass Housing Services Company Limited provides social housing in the areas of Broken Hill, Scone, Newcastle and Lake Macquarie cities. At present this is through the resources of two NSW State Government housing programs. They are:

* The Community Tenancy Scheme, funded under the Commonwealth State Housing Agreement;
* The Affordable Housing Rental Program, funded under the former Commonwealth Government’s Building Better Cities Program.

There were no significant changes in the principal activities of the company during the year.

Operating Results

The operating surplus of the parent entity for the year amounted to $836,581.

State of Affairs

As of 2 July 2007 the Company ceased to control the Board of Ironbark Community Housing Limited. Consequently there is no company reporting in 2008. As of 2 July 2007 the Company also changed its name from Newmacq Community Housing Company Limited to Compass Housing Services Company Limited. There were no other significant changes in the entity’s state of affairs during the year.
DIRECTORS’ REPORT CONTINUED

Events Subsequent to Balance 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 subsequent financial years.

Likely Developments and Results

No information is included on the likely developments in the operations of the company and the expected results of those operations.

Meeting of Directors

During the financial year, 9 meetings of directors were held. Attendances were:

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<thead>
<tr>
<th>Director</th>
<th>Number of Meetings Able to Attend</th>
<th>Meetings Attended</th>
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<tbody>
<tr>
<td>Matthew Crozier</td>
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<td>7</td>
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<tr>
<td>Tim Curran</td>
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<tr>
<td>Sandra Calland</td>
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<tr>
<td>Roseanne Chalmers</td>
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</tr>
<tr>
<td>Michelle Robinson</td>
<td>4 (appointed 14/11/2007)</td>
<td>3</td>
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<tr>
<td>Richard Stacey</td>
<td>3 (resigned 8/10/2007)</td>
<td>2</td>
</tr>
<tr>
<td>Ron Gordon</td>
<td>0 (resigned 20/7/2007)</td>
<td>0</td>
</tr>
</tbody>
</table>

Information on Directors

Matthew Crozier
- Director, Chairman
- Qualifications: Bachelor Economics (1c Hons), Masters in Environmental and Resource Economics and Masters in Transport Planning and Management.
- Experience: Member since 2005, 3 years experience with the entity

Sue Dark
- Director, Vice Chairman
- Qualifications: Bachelor of Social Science and MBA
- Experience: Member since 2004, 4 years experience with the entity

Tim Curran
- Director, Treasurer
- Qualifications: Bachelor of Computer Science, Masters in Social Change and Developments and MBA
- Experience: Member since 2004, 4 years experience with the entity

Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 30 June 2008 has been received and can be found on page 4 of the financial report.

Directors and Auditor Indemnification

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

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

Dated this 13th day of October 2008
AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF COMPASS HOUSING SERVICES COMPANY LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

(i) no contraventions of the auditor independence requirements as set out in the
Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Dated this 12th day of October 2008
CUTCHER & NEALE
25 Bolton Street
CHARTERED ACCOUNTANTS
Newcastle

M. J. O'Connor CA
Partner

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF COMPASS HOUSING SERVICES COMPANY LIMITED

Report on the concise financial report

The concise financial report of Compass Housing Services Company Limited comprises the income statement,
balance sheet, statement of cash flows, statement of recognised income and expenditure, discussion and
analysis of the financial statements, and the Directors' declaration derived from the audited financial report of
Compass Housing Services Company Limited for the year ended 30 June 2008 as set out on pages 7 to 14. The
concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors of Compass Housing Services Company Limited are responsible for the preparation and
presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise
Financial Reports (including the Australian Accounting Interpretations), statutory and other requirements. This
responsibility includes designing, implementing and maintaining internal control relevant to the preparation
of the concise financial report and applying appropriate accounting policies; and making accounting estimates
that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We
have conducted an independent audit in accordance with Australian Auditing Standards of the financial report
of Compass Housing Services Company Limited for the year ended 30 June 2008. Our audit report on the
full financial report was signed on 14 October 2008, and was not subject to any qualification. The Australian
Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements
and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free
from material misstatement.

Our procedures in respect of the audit of the concise financial report included testing that the information in the
concise financial report is consistent with the full financial report, and examination, on a test basis, of evidence
supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from
the full financial report. These procedures have been undertaken to form an opinion whether, in all material
respects, the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports
and whether the discussion and analysis complies with the requirements laid down in AASB 1039: Concise
Financial Reports.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.
We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors
of Compass Housing Services Company Limited on 12 October 2008, would be in the same terms if provided
to the directors as at the date of this auditor's report.
Audit Opinion

In our opinion the concise financial report of Compass Housing Services Company Limited complies with Accounting Standard AASB 1039: Concise Financial Reports.

Dated this 14th day of October 2008
25 Bolton Street
Newcastle

M. J. O’Connor CA
Partner

DIRECTORS’ DECLARATION

The Directors of the Company declare that the concise financial report of Compass Housing Services Company Limited for the financial year ended 30 June 2008, as set out on pages 28 to 31:

(a) complies with Accounting Standard AASB 1039: Concise Financial Reports; and
(b) has been derived from and is consistent with the full financial report of Compass Housing Services Company Limited.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Director

Dated this 13th day of October 2008

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

Revenue

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential rental revenue</td>
<td>9,008,536</td>
<td>6,018,304</td>
</tr>
<tr>
<td>Less: Rent lost through vacancies</td>
<td>(78,071)</td>
<td>(39,310)</td>
</tr>
<tr>
<td>Less: Rental rebates or subsidies</td>
<td>(4,698,395)</td>
<td>(2,727,302)</td>
</tr>
<tr>
<td>Rent received or receivable</td>
<td>4,232,070</td>
<td>3,251,692</td>
</tr>
<tr>
<td>Government grants</td>
<td>2,507,121</td>
<td>2,078,863</td>
</tr>
<tr>
<td>Other</td>
<td>1,185,403</td>
<td>558,710</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>7,924,594</td>
<td>5,889,265</td>
</tr>
</tbody>
</table>

Expenses

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Tenancy and property management</td>
<td>(5,749,665)</td>
<td>(4,323,583)</td>
</tr>
<tr>
<td>Administration</td>
<td>(1,338,348)</td>
<td>(934,132)</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>(7,088,013)</td>
<td>(5,257,715)</td>
</tr>
</tbody>
</table>

Operating Surplus | 836,581 | 631,550 |
Total Changes in Equity | 836,581 | 631,550 |

The accompanying notes form part of these financial statements.
# Balance Sheet

**AS AT 30 JUNE 2008**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,008,914</td>
<td>1,658,943</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>905,294</td>
<td>604,856</td>
</tr>
<tr>
<td>Other assets</td>
<td>259,263</td>
<td>246,213</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,173,471</td>
<td>2,510,012</td>
</tr>
<tr>
<td><strong>Non current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>1,055,559</td>
<td>1,048,394</td>
</tr>
<tr>
<td><strong>Total non current assets</strong></td>
<td>1,055,559</td>
<td>1,048,394</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>4,229,030</td>
<td>3,558,406</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>597,438</td>
<td>800,515</td>
</tr>
<tr>
<td>Short-term provisions</td>
<td>78,739</td>
<td>45,817</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>676,177</td>
<td>846,332</td>
</tr>
<tr>
<td><strong>Non current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term provisions</td>
<td>4,198</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non current liabilities</strong></td>
<td>4,198</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>680,375</td>
<td>846,332</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>3,548,655</td>
<td>2,712,074</td>
</tr>
</tbody>
</table>

**Members equity**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>300,840</td>
<td>300,840</td>
</tr>
<tr>
<td>Accumulated surpluses / (deficit)</td>
<td>3,247,815</td>
<td>2,411,234</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>3,548,655</td>
<td>2,712,074</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.

---

### Statement of Cash Flows

**FOR THE YEAR ENDED 30 JUNE 2008**

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from tenants</td>
<td>5,627,861</td>
<td>4,408,250</td>
</tr>
<tr>
<td>Grants received</td>
<td>2,443,109</td>
<td>2,011,878</td>
</tr>
<tr>
<td>Interest received</td>
<td>140,802</td>
<td>84,689</td>
</tr>
<tr>
<td>Payment to landlords, employees and suppliers</td>
<td>(7,793,331)</td>
<td>(5,483,496)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>418,441</td>
<td>1,024,321</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment for property, plant and equipment</td>
<td>(68,470)</td>
<td>(450,708)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>-</td>
<td>95</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>(68,470)</td>
<td>(450,613)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds/(payments) from/of borrowings</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase/(decrease) in cash held</td>
<td>349,971</td>
<td>573,708</td>
</tr>
<tr>
<td>Cash at 1 July 2007</td>
<td>1,658,943</td>
<td>1,085,235</td>
</tr>
<tr>
<td><strong>Cash at 30 June 2008</strong></td>
<td>2,008,914</td>
<td>1,658,943</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
### Statement of Recognised Income and Expenditure

**For the Period Ended 30 June 2008**

<table>
<thead>
<tr>
<th></th>
<th>Asset Revaluation Reserve</th>
<th>Accumulated Surplus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July 2007</td>
<td>$300,840</td>
<td>$2,411,234</td>
<td>$2,712,074</td>
</tr>
<tr>
<td>Accumulated Surplus</td>
<td>$-</td>
<td>$836,581</td>
<td>$836,581</td>
</tr>
<tr>
<td>Transfers to and from reserves</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2008</strong></td>
<td>$300,840</td>
<td>$3,247,815</td>
<td>$3,548,655</td>
</tr>
</tbody>
</table>

### Notes to the Concise Financial Statements

**For the Year Ended 30 June 2008**

**Note 1: Basis of preparation of the Concise Financial Report**

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001.

The financial statements, specific disclosures and the other information included in the concise financial report are derived from and are consistent with the full financial report of Compass Housing Services Company Limited.

The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Compass Housing Services Company Limited as the full financial report.

The accounting policies have been consistently applied by the company and are consistent with those of the previous financial year.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>140,802</td>
<td>84,689</td>
</tr>
<tr>
<td>Service charges &amp; rent</td>
<td>66,378</td>
<td>19,076</td>
</tr>
<tr>
<td>Stock Transfers</td>
<td>900,973</td>
<td>392,643</td>
</tr>
<tr>
<td>Other</td>
<td>77,250</td>
<td>62,302</td>
</tr>
<tr>
<td><strong>Total Other Revenue</strong></td>
<td><strong>1,185,403</strong></td>
<td><strong>558,710</strong></td>
</tr>
</tbody>
</table>
Information on Compass Housing Services Company Limited Concise Financial Report

The financial statements and disclosures in the concise financial report have been derived from the 2008 financial report of Compass Housing Services Company Limited.

A copy of the full financial report and auditors report will be sent to any member, free of charge, upon request.

The discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Compass Housing Services Company Limited's financial statements and the information contained in the concise financial report has been derived from the full 30 June 2008 financial report of Compass Housing Services Company Limited.

Income Statement

The operating surplus from ordinary activities for the year is $836,581, which compares to a profit of $631,550 in 2007. Income from tenants and grant income increased 26% on last year to $6,739,191. Other income increased $626,692 (or 112%) to $1,185,403. This was largely due to an increase in the level of property upgrade work undertaken on behalf of the Office of Community Housing.

The main factors contributing to the improvement of the Company’s operating result were:

- An increase in property numbers from around 650 to approximately 944 by year end. This occurred due to the allocation of the properties formerly managed by the Department of Housing and the Broken Hill Community Tenancy Scheme in Broken Hill to Compass Housing Services via a competitive tender. Compass also entered into a management contract with the Aboriginal Housing Office to manage their properties in Broken Hill, Wilcannia and Menindee. A significant number of properties continued to be transferred to the organisation by the Office of Community Housing during the year. These events boosted rental income by $980,378 or 30% and added $15,455 in management fees.
- The net contributions from grant subsidies increased by $428,259, representing a 21% increase. This is associated with an increase in landlord rental costs plus the full year impact of the extra 40 leasehold properties acquired from the Upper Hunter Tenancy Scheme the previous financial year. There was also $50,000 in establishment grants received in respect of Broken Hill Office.
- Other income as mentioned above increased due to the level of stock upgrade activity undertaken this financial year. In addition, interest income increased by $56,113 to $140,802.
- Increases in rental costs and the costs associated with stock transfer upgrade works were the main factors in a 33% increase in tenancy and property management expenses to $5,749,665.
- With respect to administration costs, salaries and wages expenses have increased due to more staff being employed in the Company as well as some existing staff being remunerated for taking on additional responsibilities. The commencement of the Broken Hill Office has resulted in the employment of two additional staff. Increased stock upgrade works has also required additional staff resources.
- Depreciation expense has virtually doubled due to the purchase of additional motor vehicles and computers as a result of the expansion in staff numbers and operating locations.

Balance Sheet

Total assets increased by $670,624 to $4,229,030 representing an increase of 19%. This increase is mainly reflected in the following balances:

- Cash assets have increased by $349,971. This is entirely due to the positive cash flows from operating activities.
- Receivables have increased by $300,438 to $905,294. This is due to the recognition of grant income that is receivable relating to the third & fourth quarter of 2008 as well as an increase in receivables due from the Office of Community Housing related to stock upgrade works.
- Total liabilities decreased by $165,957 to $680,375, representing a 20% decrease. The balance of seed funding from the Office of Community Housing which Compass Housing earns as stock upgrade works are completed has fallen from $200,000 to $80,000 due to the increase in completed works. Other than this balance, the Company has no borrowings, with all liabilities representing trade creditors or accrued expenses. The decrease in creditors and accruals is largely attributable to no major stock upgrade works being undertaken in the last month of 2008 and the absence of flood related damages costs which impacted on the previous year.
- The equity of the Company has increased due to an increase in retained profits of $836,581. This is entirely due to the operating profit recorded for the year.

Statement of Cash Flows

The net cash flow for the year was a surplus of $349,971 compared to a surplus of $573,708 for the previous year.

- Cash provided from operating activities was a surplus of $418,441 compared to a surplus of $1,024,321 in the previous period. The increase in Trade and Grant Receivable balances and the paying down of Trade Payables were large contributing factors to the reduction in the cash generated from operating activities.
- Cash flows from investing activities was a deficit of $68,470 compared to a deficit of $450,613 for the previous year. The only new purchases related to two new motor vehicles and some computers. The purchase of the property at 24 Wentworth Street, Wallsend was the main utilisation of these funds in the prior year.
OUR VALUES

Compass abides by the following values to achieve its Corporate Mission:-

Empathy
Compass always seeks to understand and respond appropriately to the interests of persons or agencies in contact or relationship with the company.

Accountability
Compass seeks to be open and honest in its policy development, practice, communications, reporting and relating with all parties.

Social Justice
Compass is fair, reasonable and legally compliant in all its dealings and responds to the needs of less advantaged people in our community.

Co-operation
Compass endeavours to be responsive, accessible and consultative with all persons and agencies in contact or relationship with the company.

Vision
Compass endeavours to be successful, viable and highly regarded for its contribution to providing services for less advantaged people in our community.