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# About This Report

The Bridge Housing Limited Annual Report for 2016 provides a summary of our operational and financial performance during the 2015-16 financial year. We wish to tell the story of what we do, why we do it, and how our work affects the residents and communities we serve.

To assess how well we are performing, we measured our outcomes for 2015-16 against the targets set in our Strategic Plan 2015-18, which are detailed further in our Business Plan 2015-16.

## Our Audience

This report is primarily prepared for the following stakeholders:

- ▀ residents, applicants and recipients of our housing management services
- ▀ members of Bridge Housing Limited
- ▀ federal and state government partners
- ▀ private sector partners who work with us to deliver more affordable housing
- ▀ support partners that provide services to our most vulnerable tenants
- ▀ Bridge Housing staff members who deliver our services.

## Acknowledgement of Country

Bridge Housing acknowledges the Gadigal and Darug people as the traditional custodians of the lands on which we operate and wishes to pay respects to their Elders both past and present.

## Our Vision

To be a leading not-for-profit provider of quality affordable housing.

## Our Mission

To improve lives and strengthen communities by providing housing and services for low-to-moderate income households.

## Bridge Housing Limited

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**ABN:** 55 760 055 094 **ACN:** 135 570 955 **ISBN:** 978-0-9874433-8-0



## Our Values

<b>Socially responsible</b>	We are committed to encouraging social inclusion and improving the lives of the people and communities we support.
<b>People-focused</b>	The needs of our applicants and residents are at the core of all our activities and decisions. We empathise with them and deliver our services with fairness, respect and sensitivity. We value and support our employees to enable them to perform at their best and achieve their full potential.
<b>Committed and passionate</b>	We put our hearts and minds into our work. We value and encourage innovation and continually seek to improve our performance.
<b>Build relationships</b>	We build relationships based on trust and respect to create positive outcomes for the people and communities we serve.
<b>Professionalism and integrity</b>	We take responsibility for our decisions and actions and provide a consistent high-quality service. Our decisions are based on sound judgement and our culture engenders good governance, transparency and honesty.

## Our Strategic Plan

To help achieve our mission, we develop a strategic plan every three years to identify the critical factors for success for Bridge Housing. These are implemented through our annual business plans. In our Strategic Plan 2015–18 these factors were:

- ▶ Meeting affordable housing need by increasing our property portfolio
- ▶ Delivering quality homes and housing services
- ▶ Governing effectively
- ▶ Managing the business sustainably
- ▶ Supporting our people and improving our workplace
- ▶ Enhancing our communications and increasing our profile.

In this report, we detail our performance against our business plan objectives for 2015–16, which are aligned with and progress the Strategic Plan 2015–18. The Strategic Plan 2015–18 was approved by the Bridge Housing Board in June 2015 and is detailed in our Annual Report 2015.

## Our Services

We provide long-term accommodation for people on low-to-moderate incomes using our property portfolio. Bridge Housing:

- ▶ owns 251 properties
- ▶ manages 725 properties owned by the NSW Land and Housing Corporation (LAHC), which is the NSW Government public housing authority and part of the Department of Family and Community Services (FACS)
- ▶ leases 638 properties from the private rental market
- ▶ manages 126 properties on behalf of other organisations and individuals
- ▶ acquires and develops properties
- ▶ provides responsive and planned maintenance services on a property portfolio valued at \$392 million<sup>1</sup>.

Our services encompass the provision of social and affordable housing. We meet the needs of the most disadvantaged people – those who require assistance to maintain a sustainable tenancy – by working with more than 16 support partners under formal agreements and many more services that support individual tenants. (Please see Acknowledging Our Partners on page 95 for more details.)

<sup>1</sup> This is based on an average value of \$356,000 per unit and \$670,000 per house (as per recent portfolio valuations) multiplied by the number of Bridge Housing properties and properties managed on behalf of the NSW LAHC – a total of 976 properties. Leasehold and fee-for-service properties are excluded.

# Highlights

2015-16 was another successful year for Bridge Housing. We have continued to improve the business and our service delivery, have undertaken construction of three projects and grown the number of developments in the pipeline, delivered strong community engagement and customer service, and enhanced our profile by increasing the use of social media.

## Strategic Portfolio Growth

In 2015-16, we expanded our property portfolio from 1,716 to 1,767 dwellings. We continued our development program, which will deliver 112 new affordable homes during 2016-17 and a further 158 by 2018. These projects include:

- the Bunya development at Bungarribee, which will deliver 65 homes. This is due to be completed in July 2016
- redevelopment of an apartment block at Ashfield, which will deliver nine studio apartments in July 2016
- construction of a 38-unit complex in Parramatta, which is scheduled for completion in November 2016
- planning work for land redevelopment in Cowper Street, Glebe, which will provide 158 homes for older people by June 2018
- submission of a tender for a Communities Plus site at Seven Hills in June 2016 to deliver 118 units in a mixed-tenure development.

## Delivering Quality Homes and Services to Our Residents

We completed the second year of our award-winning Building Bridges strategy, which is our community-building and engagement program.

We continued working with FACS through the Connect 100 program, a NSW Government initiative to address the drift of homeless people from their communities towards the inner city as they seek better access to services.

We completed planned maintenance works, valued at \$1.31 million, on 184 dwellings. The high standard of our properties was also reflected in the tenant satisfaction rating of 90 per cent for maintenance services, achieved in the Asset Maintenance Survey in 2015-16.

## Effective Governance

We executed a smooth transition to a new chairman, Mark Turner, upon the resignation of Vicki Allen from the role of chair after six years.

The General Manager Operations and General Manager Finance and Corporate Services undertook the Company Directors Course with the Australian Institute of Company Directors during the year.

The gender balance on the board is 57 per cent male and 43 per cent female, which meets our target of no less than 40 per cent of either gender.

## Business Sustainability

We delivered a net operating surplus, before depreciation and impairment, of \$1.1 million in 2015-16, compared to \$0.5 million in 2014-15.

Our arrears fell from 1.9 per cent in 2014-15, to 1.3 per cent this year, well below the Regulator's benchmark of 2.5 per cent.

Voids and vacancies were at 27 and 17 days respectively - generally in line with benchmark.

## Developing Our People

We continued to build upon the human resources transformation program undertaken over the previous strategic planning period, through the development of a new human resources strategy that aligns with Strategic Plan 2015-18. Management worked to develop cross-team collaboration during the year as well as a number of other areas identified in last year's Staff Engagement Survey. We also began the process of obtaining White Ribbon Workplace Accreditation to address the issue of domestic violence against women - see Our People on page 46.

## Increasing Our Profile

Bridge Housing significantly increased our use of social media platforms over 2015-16, through Facebook, Twitter, LinkedIn and YouTube, and improved our level of engagement with stakeholders and tenants across each of the platforms - see the infographic on page 17.

## Challenges

The major challenges we faced during the year included council delays in issuing planning approvals and completion certificates. These slowed our progress on the Parramatta and Bunya development activities.

## Awards and recognition

We secured national awards for annual reporting, earning a fourth consecutive Gold Award for our Annual Report 2015 at the Australasian Reporting Awards.



**Winner of the  
2015 Australasian  
Leading Tenant  
Engagement Practice Award**

Presented by the  
Australian Housing Institute for  
professional excellence in housing



**Winner of the  
2015 Australasian  
Leading Asset  
Management Award**

Presented by the  
Australian Housing Institute for  
professional excellence in housing



We also won National Awards for Leading Tenant Engagement Practice for the Building Bridges program, and Leading Asset Management at the National Australasian Housing Institute Awards for Professional Excellence in Housing, held in October 2015<sup>2</sup>.

## Financial Highlights

Bridge Housing once again recorded a solid financial result. We continued to invest in capacity-building and property maintenance and

strengthened our balance sheet to establish a strong financial base for future growth.

<b>Operating Profit \$1.1m</b>	▲	<b>108%</b>
<b>Net Assets \$105m</b>	▲	<b>4%</b>

See the Financial Summary on page 84 for further details.

## Key results, at a glance

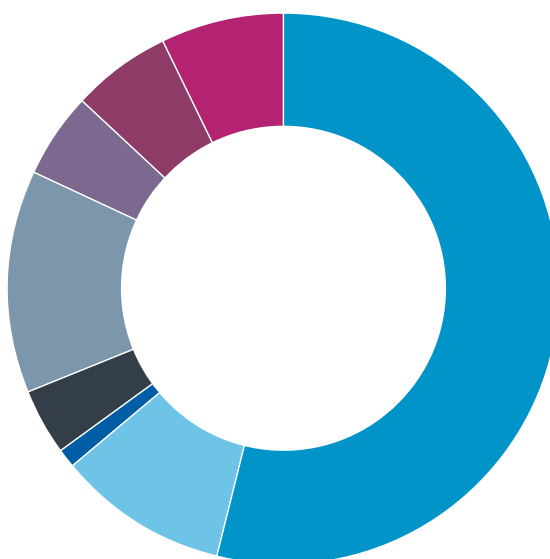
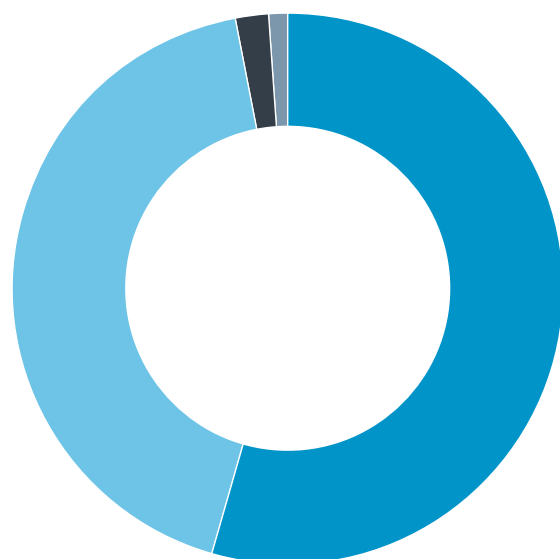
### Our sources of revenue 2015-16

Expressed as a percentage of total income

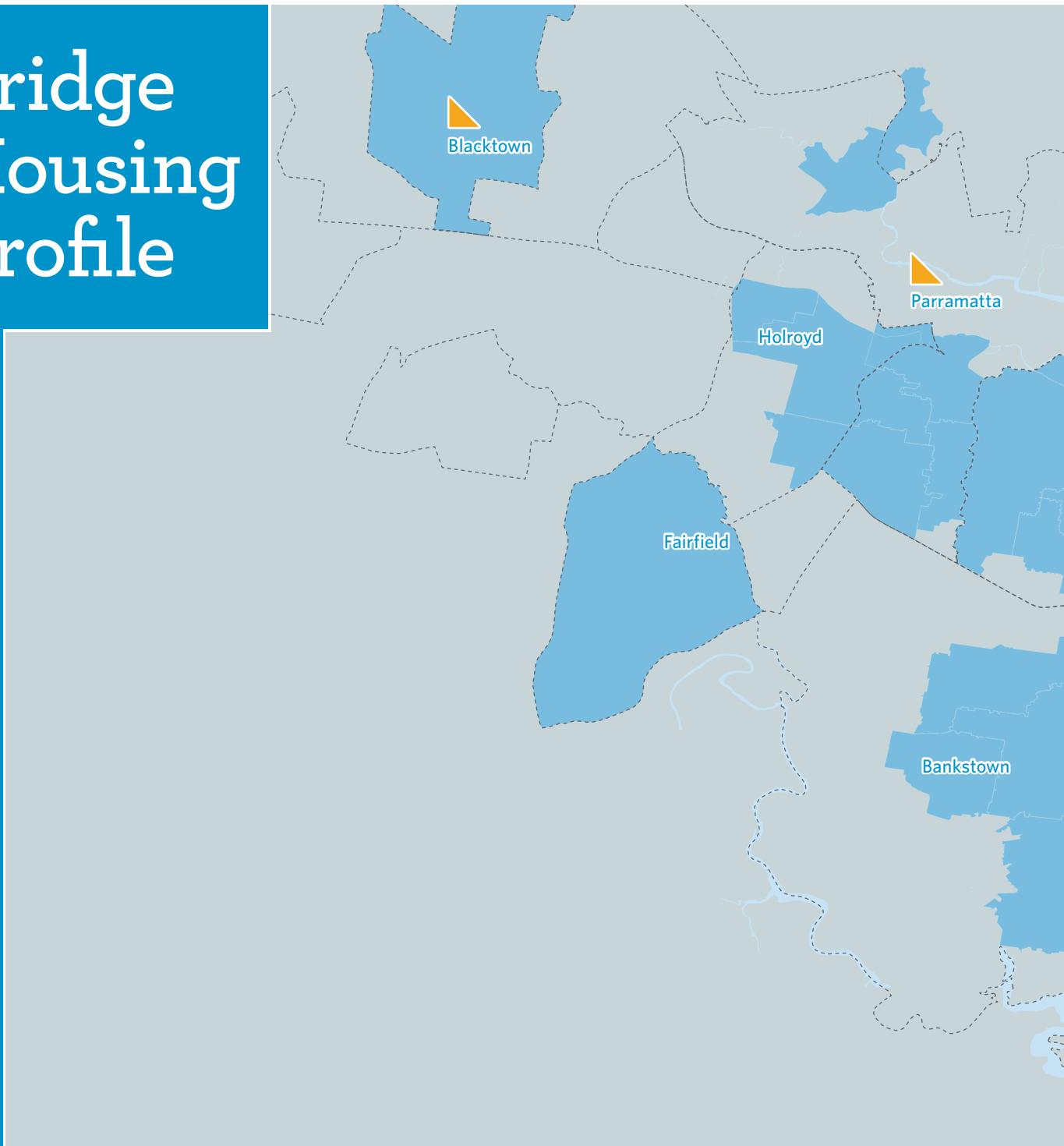


### Our expenses 2015-16

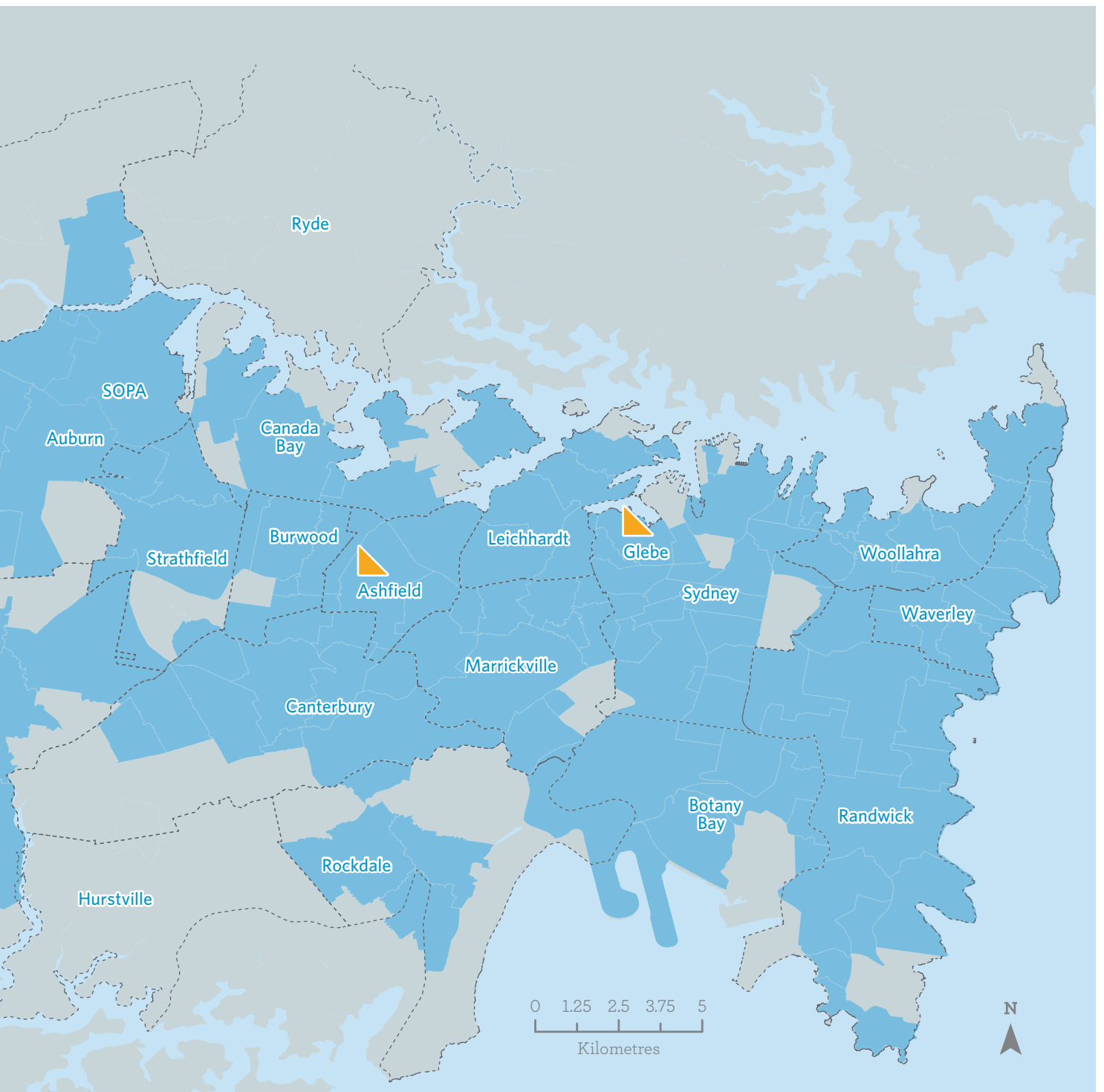
Expressed as a percentage of total expenditure



# Bridge Housing Profile



Bridge Housing Limited is a Tier 1 community housing provider, registered under the National Regulatory System for Community Housing. Our central office is in Redfern, Sydney. We provide affordable housing solutions to low and moderate income households across the inner and middle ring of the Sydney metropolitan area. At 30 June 2016, Bridge Housing owned or managed 1,767 properties and operated across 20 local government areas (LGAs), as illustrated by the map above.



## Properties per LGA

LGAs in which Bridge Housing operates  
▲ Development sites

Ashfield	81	Canterbury	53	Rockdale	11
Auburn	33	Fairfield	1	SOPA	24
Bankstown	99	Holroyd	9	Strathfield	66
Blacktown	65	Leichhardt	109	Sydney	311
Botany	72	Marrickville	164	Waverley	207
Burwood	37	Parramatta	210	Woollahra	16
Canada bay	29	Randwick	259		

## People & Properties

Number of properties and people assisted, 2012-16



## Where We Started

Bridge Housing Limited began as the South West Inner Sydney Housing Cooperative in 1985. It amalgamated with the Inner West Housing Association in 1993; Darlinghurst Area Community Housing Scheme in 2001; Burwood Area Community Housing in 2008 and Eastern Suburbs Rental Housing Association in 2009. Bridge Housing Limited was incorporated as a company limited by guarantee in March 2009.

Bridge Housing drives its growth with three-year strategic plans and annual business plans. Our Strategic Plan 2006-09 enabled us to establish a sound foundation for growth. Over the first half of that period our portfolio increased from 650 to 1,100 homes as we amalgamated with other community housing providers. Our Strategic Plan 2009-12 built on this, aiming to strengthen and extend operations to include procurement and property development, and increase community engagement. During this period we increased our property portfolio to 1,552 properties, assisting 2,790 people by providing secure, affordable housing.

Our Strategic Plan 2012-15 continued to focus on property development and deepening community engagement. Our portfolio increased to 1,716 properties in 2015, and we expanded our area of activity across a total of 20 LGAs.

This report details our performance against the targets we set in our Strategic Plan 2015-18 and Business Plan 2015-16.

## Growth Scenario to 2018

Our Strategic Plan 2015-18 established a growth target to increase the portfolio to at least 2,000 properties by June 2018. This increase will come through our development activities and organic growth. We increased the properties we manage through the Sydney Olympic Park Authority's Affordable Housing Programme from 11 to 24 during the year. In late June we successfully tendered for a contract to manage Canada Bay Council's affordable housing program and these properties will come on line in October 2016, under our fee-for-service program.

Our first development cycle, of 112 dwellings, is due to be completed in November 2016. This consists of 65 dwellings at Bungarribee; nine studio apartments at Ashfield scheduled for completion in July 2016; and

38 units at Parramatta that are due for completion in November 2016. Importantly, Bridge Housing will have delivered its Nation Building Economic Stimulus Plan (NBESP) leveraging target more than four years earlier than required<sup>3</sup>.

Bridge Housing has further growth opportunities beyond 2018 through the NSW Government strategy Future Directions for Social Housing in NSW, released in February 2016. Under Future Directions, the NSW Government will enter into partnerships with community housing providers to deliver 23,000 new or replacement social housing dwellings over six years from 2017. The government intends that the community housing sector will manage 35 per cent of all social housing in NSW by 2023.

This policy presents an opportunity for Bridge Housing to double or triple its portfolio over the next few years. While this increase will occur within the period of our next Strategic Plan 2018-2021, our present focus is to ensure that we are 'fit for growth'. This requires us to develop the capacity to successfully absorb the expected increase in properties under our management, whilst maintaining or improving levels of service and staff engagement. Communities Plus, a related program strand, will provide sites owned by the LAHC for the development of a mix of social, affordable and private housing. This program encompasses small sites and larger redevelopment sites. Bridge Housing has successfully tendered for a Communities Plus site in Seven Hills to deliver over 100 units.

The Social and Affordable Housing Fund (SAHF) was launched in 2016 and the NSW Premier, The Hon. Mike Baird MLA, has committed \$1 billion to increase the supply of social and affordable housing. Stage One of the SAHF will deliver 3,000 additional dwellings. Bridge Housing has joined with four other community housing providers to form the Plenary Consortium, which will, if

<sup>3</sup> Under the Australian Government's NBESP, which delivered 6,000 social housing dwellings in NSW, community housing providers that had properties vested (title transferred) to them were contractually required to meet a leverage target. Bridge Housing's target was to deliver 75 social and affordable housing properties by June 2021.



successful, deliver 750 properties. The consortium was one of nine parties shortlisted by FACS in an expression of interest process, from 24 who tendered. The Plenary Consortium is currently

waiting for the outcome of the Request for Tender process. If successful, Bridge Housing will secure the management of approximately 150 newly developed or acquired properties.

Our commitment to providing affordable and social housing is demonstrated by our diverse strategies for portfolio growth.

Program	Social housing	Affordable housing	Total	Supported housing*
Owned (vested)	243	8	251	64
Social Housing Subsidy Program		27	27	
<b>Community Housing Leasehold Program (CHLP)</b>				
Capital program	706		706	97
Private rental	638		638	151
Leased FACS (scheduled for redevelopment)	19		19	3
<b>Fee-for-service</b>				
Local government	54	29	83	2
State government (JTAP/HPA)	1		1	
Other community organisations	8		8	2
Private affordable		34	34	
<b>Total</b>	<b>1669</b>	<b>98</b>	<b>1767</b>	<b>319</b>

\* Supported housing is a subset of the total social housing dwellings, making the total number of properties 1,767.

## Program Descriptions

### Vested properties

Bridge Housing successfully tendered for a package of 242 NBESP properties in the Parramatta and Holroyd LGAs in 2010. In 2010–11, the NSW Government vested 163 properties to Bridge Housing. In 2013–14, the remaining 79 properties were vested after the NSW Minister for Finance and Services approved Bridge Housing's vesting business case. The transfer of title occurred in August 2013. The property title is vested with the community housing provider, and the NSW Government holds a caveat on the title to protect its investment. This program was introduced in 2010 to give community housing providers the security to borrow from financial institutions in order to procure or develop affordable housing.

### Capital properties

Bridge Housing leases and manages capital properties from the LAHC through the Community Housing Agreement. Properties include existing public housing, such as the South Coogee estate, and newly constructed properties such as those in Canterbury-Bankstown.

Under the funding contract, community housing providers are responsible for allocations, tenancy management, property management, and responsive

and planned maintenance. The community housing provider retains all rental income. FACS sets rents through the Community Housing Rent Policy. Rents are fixed at 25 per cent of the tenant's assessable income, plus 100 per cent of their Commonwealth Rent Assistance. Community housing providers allocate properties to eligible tenants from the Housing Pathways housing register ([www.housingpathways.nsw.gov.au](http://www.housingpathways.nsw.gov.au)).

### Leasehold properties

Community housing providers source leasehold properties from the private rental market and sign a Residential Tenancy Agreement as head tenant under the Residential Tenancies Act 2010 and Residential Tenancies Regulation 2010.

The housing provider then sublets the property to eligible applicants from the Housing Pathways housing register. FACS pays a management, rent and maintenance subsidy to providers under the NSW Government's Community Housing Leasing Program. This program provides subsidies for 5,756 approved leases across NSW, held by 26 community housing providers. In 2014–15, the subsidy cost was \$71 million.

Bridge Housing operates the largest leasehold program in Australia – just over 10 per cent of the NSW program.

The NSW Government reviewed the program in 2013–14 because of the increasing cost of rental subsidies, owing to increases in private rental market rents. In 2014–15, funding arrangements changed from separate payments for management, maintenance and rental subsidy to a block payment, which the provider manages.

In addition we lease properties in the private rental market to meet specific government programs. During 2015–16 we leased a further 15 properties to deliver Connect 100, a homelessness program to provide social housing assistance linked to specialist homelessness support services and which assists homeless people to re-connect with their communities of origin.

### Fee-for-service properties

Bridge Housing manages fee-for-service properties on behalf of external organisations through a management agreement or contract. The management fee is based on the level of housing and the property management services that we provide.

# Spotlight 1:

## Orbit

Children and young people (under-18s) make up 21 per cent of Bridge Housing residents. We want to work with children and their families to give them a voice in shaping our services. We believe that our residents should be at the heart of all that we do.

To that end, the Bridge Housing Community Team developed Orbit. Orbit is a project for kids and young people that consists of Orbit Launch Pad, an engagement day for primary school children and their families and Orbit Snapchat, a Snapchat project for young people aged 13 to 17.

### Orbit Launch Pad

The first Orbit Launch Pad was held on 21 April 2016 at Prince Alfred Park in Surry Hills. The day was designed as a fun and creative event to gain direct feedback from children and their families on their needs, aspirations, ideas about how we can improve our service delivery, and future initiatives.

A total of 19 Bridge Housing residents under the age of 13 attended the event, along with 14 parents, from ten households. Cred Consulting, a social planning agency with experience in consulting with young people, was engaged to assist with implementation of the initiative.

Toddlers  
& Babies  
0-4 years

**4%**  
of residents



Primary  
age kids  
5-12 years

**10%**  
of residents



Teenagers  
13-17 years

**7%**  
of residents





Clockwise from the top: attendees at the Orbit Launch Pad event; tennis lessons; Junior Master Chef competition

The day was a great success with positive feedback from all that attended. Children were able to take part in activities such as table tennis, tennis lessons, Minecraft build battles, and a junior master chef competition, with help from the chief judge, Chief Executive Officer John Nicolades.

*'As a single mum, having the opportunity for my kids to undertake activities in a safe and fun environment means the world to me. The look of happiness on their faces was wonderful to see as well as hearing all of their positive comments after. It was great!! The staff involved today made myself and my children feel very welcome. I cannot speak highly enough of the friendliness, support and encouragement shown to us today.'*

**Parent feedback from Orbit Launch Pad**

## Orbit Snapchat

To complement Orbit Launch Pad we gave teenagers the opportunity to engage with Bridge Housing through the Orbit Snapchat account. Snapchat is a mobile application that allows you to send videos and pictures, both of which will self-destruct a few seconds after being viewed. It is very popular with young people.

We targeted teenagers by first contacting their parents through a postcard, the website, and texts encouraging participation. Young people aged 13

to 17 were invited to Snapchat with us about their neighbourhood and homes.

In the end eight teenagers got involved and responded to a number of stories including:

- ▶ The best thing about my house/ the worst thing about my house
- ▶ The best thing about my neighbourhood/ the worst thing about my neighbourhood
- ▶ Tour of Redfern street art
- ▶ Interviews with younger Bridge Housing staff about their first job as a young person
- ▶ Interviews with Sydney University students about what going to uni was like
- ▶ Snaps from local icons, e.g. El Jannah in Granville
- ▶ Snaps from Orbit Launch Pad

Following on from the project, Bridge Housing will build on this engagement with regular stories on our Snapchat site – including the opportunity to ask engaged teenagers what they think about our services or programs, how they would like to be involved, or whether they would like to be linked in to opportunities.

**Follow us at [Orbit\\_Bridge!](#)**



# Chairman's Report

It is with great pleasure that I present my first report as Chairman of Bridge Housing. I joined Bridge Housing in December 2014 and was elected chair in December 2015, following the resignation of Vicki Allen. Vicki spent eight years on the Bridge Housing Board and six as Chairman. I am pleased to report that it has been a smooth transition, which speaks well to Bridge Housing's strong governance culture.

Shortly before I assumed the role of Chair, Bridge Housing launched its Strategic Plan 2015-18, which sets a growth path of achieving a portfolio of 2,000 properties, via organic growth, by 2018. This, together with other significant initiatives such as the NSW Government's Future Directions for Social Housing in NSW (FDSH) and the Social and Affordable Housing Fund (SAHF), provide significant opportunities for growing our portfolio and expanding our service delivery – a challenge I am confident the team at Bridge Housing will meet.

I'm delighted that we are nearing the end of our first cycle of property development with the completion of 65 homes at Bunya, nine at Ashfield (scheduled for completion in July 2016) and 38

units at Parramatta (scheduled for completion in November 2016). In addition to this, Bridge has submitted tenders with private sector partners to secure further properties through the FDSH and SAHF. These activities show Bridge Housing's capacity to negotiate with government and the private sector is growing. However, we must remember that delivering good quality housing services to our tenants is and always will be our primary objective and that property development and procurement is a means to achieve this end – albeit one which will be of increasing importance in future years.

Just as important is Bridge Housing's service innovation. Our Hand Up Program is one example of this, and another is



Chairman Mark Turner and CEO John Nicolades

our innovative community building strategy Building Bridges, which secured the 2015 National Australasian Housing Institute Award for Leading Tenant Engagement Practice.

## Policy Environment

Our Operating Environment on page 34 in this Annual Report provides a comprehensive analysis of the impact of current federal and state government policy on the community housing sector. At the federal level, green shoots are emerging with the establishment of the Affordable Housing Working Group. It is early days and is best described as a work in progress. It is important that all sides of politics understand that the lack of affordable housing supply for low-to-moderate-income households is not going away as a policy issue. Work on taxation reform is important, but as the Grattan Institute has highlighted, this will not lead to greater affordability<sup>4</sup>. It may temper the rate at which housing prices increase by removing the advantage investors currently enjoy against home buyers in the housing market.

The work of the Affordable Housing Working Group has the potential to prove seminal, if it can be a catalyst for the creation of a sustainable debt and/or equity model for funding housing for those in need. However this inevitably requires a form of subsidy from the Australian Government to meet the difference between the required returns and the rents that can be paid by low-and-moderate income households. This has always been the barrier to attracting long term institutional investment for social and affordable housing. The experience of the National Rental Affordability Scheme (NRAS), despite its difficulties and a short lifespan of only 10 years, shows what community housing providers can achieve. Bridge Housing's ability to undertake three developments was dependent on NRAS and we have secured 78 affordable housing properties in perpetuity.

We hope that we can see bipartisan agreement on this issue, which leads to reform, a significant injection of funds, and a change in the policy framework through the National Affordable Housing Agreement (NAHA). NAHA has the potential to be a policy instrument to break the current monopolisation of Commonwealth and state housing funding by state housing authorities. This could be achieved if state governments separate the roles of funding and developing social housing and community housing policy from

housing delivery. This would establish a more even playing field between community housing providers and the state agencies.

The NSW Minister for Social Housing, The Hon. Brad Hazzard MLA, is to be congratulated for releasing the long-awaited social housing policy. This policy is still subject to cabinet approval at the time of writing, but importantly it contains the commitment to transfer up to 23,000 properties to the community housing sector. The preferred option for Bridge Housing and the community housing sector is title transfer to community housing providers, as this will allow providers to manage properties more efficiently and enable better borrowing terms from financial institutions to either undertake maintenance and/or redevelop social housing sites. Our next preference is long-term leases, as this is critical if community housing providers are to achieve the desired outcomes for current and future tenants.

Under the NSW Government's \$1 billion Social and Affordable Housing Fund (SAHF) the lease period is 25 years. This recognises that in order to attract capital from financial institutions, secure long term leases are required to assist private sector infrastructure funds to access capital at scale. We would seek policy consistency between the SAHF Program and proposed Property Transfer Program.

As we note in Operating Environment on page 34, the Future Directions initiatives and Social and Affordable Housing Fund will only add 9,000 additional dwellings over ten years to the affordable housing supply, yet at present there are 60,000 people on the social housing waiting lists. Affordability in Sydney is declining and Sydney's population is expected to increase by 1.6 million by 2030. To meet that, 664,000 new dwellings, or 33,000 per annum, must be built over that period. This is an inadequate policy response to meet the housing needs of people and families on low-to-moderate incomes.

## Governance

We continually work to improve Bridge Housing's governance culture and practice. The quality and experience of directors and boards in the community housing sector is a key issue for both the sector and the NSW Government, particularly when substantial assets are being transferred to community housing providers through management agreements or vesting.

Bridge Housing's diversity policy reflects our commitment to workplace diversity on the Board and throughout the organisation. Our target is to ensure representation of either gender on the board does not drop below 40 per cent. At the time of writing, representation between male and female directors is 57:43, respectively.

Transparency is central to our governance culture, reputation and accountability to stakeholders, and not only helps to build the credibility of Bridge Housing but also that of the community housing sector. During the year our transparency in external reporting was acknowledged by our fourth Gold Award in the Australasian Reporting Awards for our Annual Report 2015. We were particularly honoured that, again, we were the only community housing provider to achieve a gold award.

It is an honour to be Chairman of a dynamic and growing organisation and I would like to thank my fellow Directors for their support and acknowledge the considerable time and effort they have given on a voluntary basis. In particular, I recognise Vicki Allen's contribution as Chair between 2009 and 2015, overseeing the tripling of the size of Bridge Housing, substantial organisational change, and management of the effect of changes in government policy.

This year Alan Revell also resigned from the Board and I thank him for contributing his extensive experience in property development and financing to Bridge Housing. I welcome Grahame Monk who joined the Board in April 2016, and who brings deep corporate expertise in property, finance and accounting, replacing Alan on our Finance, Risk and Audit Committee.

Thank you also to Pam Pryor and Clive Matthews, who lead our vibrant and engaged tenant advisory group. It has been a pleasure to work closely with Bridge Housing Chief Executive Officer, John Nicolades, and I thank John, his leadership team and all Bridge Housing staff for their dedication in delivering this year's results.



**Mark Turner**  
Chairman

<sup>4</sup> John Daley and Danielle Wood, 'Hot property: negative gearing and capital gains tax', Grattan Institute, 25 April 2016. [www.grattan.edu.au/time-to-fix-australias-unaffordable-capital-gains-tax-and-negative-gearing-policies/](http://www.grattan.edu.au/time-to-fix-australias-unaffordable-capital-gains-tax-and-negative-gearing-policies/)

# Chief Executive Officer's Report

Bridge Housing delivered on the first year of our Strategic Plan 2015-18, substantially completing our first two social and affordable property developments, securing a property development pipeline through NSW Government tenders, operating in a financially prudent manner, expanding its community building activities, delivering program and service innovation, maintaining our diverse property portfolio and building our capacity to take advantage of the growth opportunities through Future Directions and the Social and Affordable Housing Fund.

## Strategic portfolio growth

I am delighted to report that 2015-16 was a successful year for Bridge Housing, with progress in our property development program and the expansion of property development capacity and expertise as a key part of our business. We also took advantage of the significant policy announcements made by the NSW Government with its long awaited social housing strategy, Future Directions for Social Housing in NSW and the Social and Affordable Housing Fund, which are detailed in the Operating Environment section on page 34. This means we can project that not only will we meet our growth target of 2,000 properties by 2018,

but we will deliver further properties beyond 2018.

Bridge Housing is well on the way to completing its first three property developments; 65 affordable dwellings in the UrbanGrowth Bunya estate at Bungarribee; nine studio apartments in Ashfield and our 38-unit dwelling in Collett Parade, Parramatta. The addition of these 112 properties to our social and affordable housing portfolio means we will have delivered our NBESP leverage target more than four years ahead of schedule, despite being delayed by the planning approval process.

As noted above, we will continue to grow our portfolio through the following initiatives:

- ▶ purchasing four 2-bedroom units for affordable housing in Randwick through a joint venture with Waverley Council
- ▶ progressing Cowper St Glebe, which will deliver 158 social housing dwellings by June 2018, on a mixed tenure site that will include affordable and private housing. Civil works on this project have commenced
- ▶ securing a Communities Plus site in Seven Hills through a successful tender, where we will deliver a mix of at least 100 social, affordable and private housing dwellings by early 2019
- ▶ we were successful in the Social and Affordable Housing Fund expression of interest process, through joining with four other providers in the Plenary Consortium. The outcomes of the Request for Tender for the delivery of 750 properties will be known by November 2016
- ▶ increasing the number of properties we manage in a Sydney Olympic Park Authority (SOPA) affordable housing program from 11 to 24. We anticipate this will grow to 50 units by 2016-17.

## High-quality Services

One of the key components of the NSW Government's Future Directions strategy is a better social housing experience, which increases the focus of providers on customer service, maintenance, improved amenity, and a place making approach to building communities. I am pleased to report that Bridge Housing, through its focus on developing and maintaining high quality service delivery, is well on the way to meeting or exceeding the challenge established by Future Directions.

In May last year we effected a major restructure of our organisation to bring our Housing Services and Asset Maintenance functions together into one service management stream, Operations. The aim was to improve customer service, cross-team collaboration and increase our efficiency. The amalgamation went smoothly and has been completed with no disruption to our housing and maintenance service delivery. This is reflected in both the high level of tenant satisfaction of 90 per cent with our maintenance services, and the increase in satisfaction in cross-unit coordination shown in our employee opinion survey.

Following a decision to move from annual to biennial tenant satisfaction surveys, and incorporate more focused surveys in the alternate year, we undertook a tenant communications survey to assess how tenants use social media. We received a 47 per cent response rate and are currently analysing the information to inform our tenant communications strategy. The results of the survey are reported in detail in the Operations Report on page 60.

We continued to focus on embedding and improving our customer service. Our Customer Service Leadership Group



provides an excellent forum to increase our engagement and develop standards for online customer services.

In September 2015, I was proud to launch our online rent statement, which gives our tenants online access to statements of their rent, water and maintenance payments. We are the first community housing provider in Australia with this service.

I am exceptionally proud of our service innovation in our unique Hand Up program. It enables tenants facing eviction because of significant amounts of unpaid rent to save their tenancy and get their lives back on track by 'repaying' their rental arrears through alternative means, including by enrolling in study, volunteering in the community, or undertaking treatment to address their underlying issues.

Building Bridges, our three-year community-building strategy moved into its second year, and a comprehensive report on activities is available in our Operations Report on page 60. Highlights include our Streets Ahead program, which supports tenants to improve their access to education, work experience and employment opportunities. This includes our Orbit Launch Pad and Snapchat program for children and young people and information sessions with employment and training services for tenants. The other highlight was the Kids and Family Day in April. I was delighted when our Community Team won the Australasian Leading Tenant Engagement Practice Award for Building Bridges at the 2015 Australasian Housing Institute Awards for Professional Excellence.

## Maintenance

Bridge Housing has a diverse portfolio of 1,767 properties, 30 per cent of which are between 50 and 100 years old. We place great importance on maintaining our properties to provide good-quality homes for present and future tenants, reduce our future maintenance liability and ensure our properties meet regulatory standards.

During 2015-16, Bridge Housing spent \$2,645,678 on maintenance. This consisted of planned maintenance to the value of \$655,250 on 96 properties; responsive maintenance to the value of \$891,699 on 3,697 work orders; and cyclical maintenance services to the value of \$1,098,792<sup>5</sup>. Our focus on maintenance means that 96 per cent of properties met or exceeded the state housing authority's asset standards, compared to the national benchmark of 70 per cent. Internal customer surveys have shown that over 90 per cent of tenants are satisfied with the maintenance services provided by Bridge Housing.

To prepare ourselves for significant portfolio growth through the property transfer program announced in Future Directions, we implemented our new head contractor regime for repairs and maintenance services. After a competitive tender process, SR Constructions was awarded our West area contract and Asset Services was awarded our East area contract. Both contracts went live in February 2016. Separate contracts for ground maintenance and fire safety programs are also under tender to be finalised in the next financial year.

## Business Sustainability

This year we produced an operating EBITDA of \$1.1m. Our net profit showed a loss of \$2.5m after recognition of a \$2.3m loss as a result of mark to market fair value adjustment on our interest rate swap<sup>6</sup>. Our Financial Summary on page 84 and Financial Report 2015-16 provide further details of our positive financial performance.

Our non-current assets increased by \$4 million, from \$101 million as at June 2015 to \$105m as at June 2016. This increase is primarily a result of the increased value of our property portfolio.

Bridge Housing's major source of income is rent from our properties so effective management of arrears, voids and vacancy turnaround times is critical to our success. Our



CEO John Nicolades

arrears fell from 1.9 per cent in 2014-15, to 1.3 per cent this year – an improvement for us and well below the Regulator's benchmark of 2.5 per cent.

In 2015-16, our voids were 27 days, just below the industry's benchmark of 28 days. Vacancies were 17 days, slightly above the industry benchmark of 14 days. Although these results are in line with last year, we are working to improve them. Staff costs increased as we recruited employees with the skills to build our capacity and manage the risks of portfolio growth through the Property Transfer Program outlined in Future Directions.

With the commencement of our property development program we began drawing on our NAB corporate debt facility. We also negotiated an increase of the facility from \$18m to \$25m to fund the Parramatta development. We met all banking covenants during 2015-16.

Our Five-Year Report Card on page 86 and financial summaries provide further information.

<sup>5</sup> Our major cyclical maintenance works included cleaning, lawns and grounds maintenance, fire safety, technical scoping and termite/pest control, with smaller amounts spent on lift safety, roof and gutter repairs, and hydraulic services programs.

<sup>6</sup> Bridge Housing has a \$25m debt facility with NAB, with a term of five years. To protect the company against possible interest-rate fluctuations we have hedged a proportion of the debt for 10 years to mitigate this risk and to take advantage of the current low cost of long-term funds.

## Building our ICT capacity

During 2015-16, we focused on improving the capacity of our information and communication technology (ICT) platform. We upgraded our integrated IT platform, SDM, to the latest version and implemented a new rent calculation module that will significantly reduce the time taken to complete our six-monthly rent reviews. A number of other initiatives are still underway, including the implementation of a mobile technology platform for our staff. We are currently negotiating with a supplier and expect to have this facility in place in 2016-17. This will also enhance our ability to use SMS as a major communication channel with our tenants. The implementation of our electronic document records management system is underway and planned for delivery in 2016-17.

## Risk Management

We actively review and manage our risks and update our Risk Management Plan, and this year our focus was on managing the payments for our three development projects and ensuring that we were meeting our banking covenants. Our 20-year financial forecast model is a key part of our risk management. It continues to be an important planning tool, enabling us to test the impact of proposed and actual property acquisitions and developments, and financing scenarios in their own right. This is becoming more important as we move into property development financed by debt. Our Finance and Corporate Services Report on page 76 provides a comprehensive review of our risk management strategy.

After calling for new tenders for our internal audit program we appointed PKF to undertake a three-year internal audit plan. Year 1 of the plan, completed in 2015-16, focused on financial reporting, forecasting, modelling and debt funding. A detailed report on our internal audit is in the Finance and Corporate Services Report on page 78.

## Developing Our People

Our employees are our key resource and it is their commitment, energy, and ideas that drive Bridge Housing's success. We place considerable emphasis on developing a positive workplace culture, improving our systems and processes, and providing learning and development opportunities.

Since 2011, we have conducted an annual Employee Opinion Survey (EOS) to measure the effect of our human resources improvements and compare our performance with that of the community and the healthcare sector. This year we noted 'intention to stay' scores are falling, owing to the lack of career opportunities in our small organisation and our staff turnover increased. However, we scored more than 90 per cent (significantly above the industry average) for the key business drivers of mission, values and organisational direction, and achieved significant improvements in cross-unit cooperation, grievance handling and recruitment and selection. The Our People section on page 46 provides a comprehensive report on our initiatives and the EOS.

I'm proud that Bridge Housing has added its voice to the campaign against violence against women through seeking White Ribbon Accreditation, as part of reviewing our domestic violence services response and the needs of our employees.

## Increasing Our Profile

Digital and other forms of communication continued to play a critical role in our engagement with tenants and other stakeholders during 2015-16. Our website is one of our key communication tools and we redesigned and rebuilt it in March 2015. Over this year we have continued to update and refresh the website, introducing new capability such as the online rent statement and updates on our Building Bridges initiatives.

We implemented our social media strategy in May 2015 and we now integrate our messaging across LinkedIn, Facebook, Twitter and YouTube. We use Twitter alerts for Bridge Housing initiatives, relevant housing policy articles or research, and LinkedIn and Facebook for longer articles on our initiatives or activities. Our Twitter followers have increased by 330 to 450 from 123 in June 2015. In July 2015 we

launched Bridge Business, a quarterly corporate e-newsletter, with articles focusing on property procurement, new programs and governance.

To assess the impact of these initiatives we consulted key stakeholders in April 2016, and received positive comments about the website improvements and our use of social media. We are also seeking to ensure that social media connects with our tenants and are working through the Tenant Communication Survey results to determine the most effective strategies to increase their usage of the web and social media.

In June 2016, I resigned as Chairperson of the NSW Federation of Housing Associations, the state community housing provider industry group. I remain on the Board, and continue to play a key role in community housing industry and policy forums. I joined the Board of the Community Housing Industry Association, the peak body of the national community housing provider industry, to ensure that we develop a national presence and agenda for community housing organisations.

My general managers continue to actively participate in various subcommittees of the NSW Federation of Housing Associations, PowerHousing Australia and the Australasian Housing Institute.

## Looking to the Future

The NSW Government's Future Directions and SAHF provide greater surety for growth for community housing providers. Communities Plus provides opportunities for providers to build capacity in property development and grow incrementally, although they also expose providers to greater market risk. The Property Transfer program, which will move 23,000 properties and up to 35 per cent of all social housing properties to the community housing sector, will be a seismic change to the community housing sector. Bridge Housing may double or triple our property portfolio, which is both an opportunity and a challenge.

Our challenge is to be prepared to grasp the opportunity. Bridge Housing is planning for the future with our Fit for Growth Strategy, unpacking the potential impact of growth on the organisation and identifying clear streams of work to prepare and support staff, our organisation, residents and service partners for the challenges associated with change.

I look forward to leading the skilled and dedicated Bridge Housing team through this process, and to working with my highly competent and skilled Board, to ensure Bridge Housing continues to be a leading not-for-profit provider of quality affordable housing and delivers on our mission to improve lives and strengthen communities through providing housing and services for low-to-moderate income households.



**John Nicolades**  
Chief Executive Officer

## Communications Plan

**Digital and other forms of communication were critical in our engagement with tenants and other stakeholders during 2015–16. Highlights of the year included:**

- Launch of the *Bridge Business* e-newsletter to keep government, corporate and support partners informed of our business activities on a quarterly basis
- Revamp and renaming of the quarterly tenant newsletter as *Our Place*
- Launch of the website tenant portal where tenants can view their rent, maintenance and water statements online whenever they wish
- Developing our social media presence via Twitter, LinkedIn and Facebook to share achievements, engage with stakeholders and provide thought leadership on social and affordable housing. Our Twitter followers increased from 123 in June 2015 to 450 June 2016
- Supporting key events with social media, media relations and website content – new housing developments at Parramatta and Bungarribee, the launch of Hand Up, and Songlines tenant art exhibition
- Tenant Communication Survey, to which 835 tenants responded. We are analysing and will respond to the findings with communication approaches in the coming year
- Engagement with young tenants via the Orbit project, as they used Snapchat to view live stories and photos, and post from around their neighbourhoods.

## Bridge Website - Average Monthly Traffic

**74.7% SYDNEY BASED**



**91.9%**  
ENGLISH-SPEAKING

**62.2% PC DEVICES**  
**VS 37.8% MOBILE**  
SMART PHONE & TABLET

**NEW VS RETURNING VISITORS**  
**69.1% vs 30.9%**



**TOP EXTERNAL LINK:**  
**WWW.HOUSING.NSW.GOV.AU**

**AVERAGE UNIQUE VISITORS PER MONTH**

**MALE 54% VS FEMALE 46%**

**TOP DOCUMENT DOWNLOAD:**

**61% AGE 34 YEARS OR UNDER**

**2,034**

**AVERAGE UNIQUE PAGE VIEWS PER MONTH**

**2015 ANNUAL REPORT**

**MOST POPULAR PAGES: APPLY FOR A HOME, AFFORDABLE HOUSING, CONTACT US**

**9,855**

## Bridge Business corporate e-newsletter



**FOLLOWERS: 450**  
270% Increase from June 15 to June 16

**AVERAGE No. RECIPIENTS PER ISSUE:**  
**1,039**

**AVERAGE % OPENS:**  
**38.3%**  
22.8% average for NFPs - Mailchimp Survey by Industry April 2016\*

**AVERAGE 18.1% CLICK THROUGH RATE**  
22.8% average for NFPs - Mailchimp Survey by Industry April 2016\*

**TOP LINKS:**  
MEET THE MANAGEMENT TEAM  
&  
MEET THE DIRECTORS ON BRIDGE HOUSING WEBSITE

\* <http://mailchimp.com/resources/research/email-marketing-benchmarks/>

# Our Performance

Critical success factors	Goal	Target (performance measure)
1. Grow our portfolio	Deliver existing affordable housing development commitments to increase housing supply	Complete and tenant 65 new dwellings at Bunya Estate, Bungarribee
		Complete and tenant 38 new dwellings at Parramatta
		Complete and tenant nine new dwellings at Ashfield
		Finalise Cowper Street, Glebe negotiations and participate in design and delivery
		Transfer and tenant 19 new SOPA properties at Homebush
		Work in partnership with Waverley Council to deliver six new affordable housing dwellings
	Explore innovative solutions to expand the supply of affordable housing	Pursue opportunities from the Premier's Innovation Initiative
		Develop a sustainable and innovative development model that recycles the balance sheet
		Pursue opportunities from the \$1b Affordable Housing Infrastructure Fund
		Investigate different funding mechanisms (eg bonds, shared or private equity) to increase the supply of affordable housing
	Seek and secure affordable housing opportunities in urban renewal areas	Influence urban renewal opportunities, for example Bays Precinct, Eveleigh to Central
		Engage with identified councils to build relationships to enhance affordable housing supply
	Explore expansion of service provision in complementary areas to increase our affordable housing portfolio and enhance service provision	Proactively identify and expand fee-for-service opportunities
		Review of NDIS to determine opportunities for affordable housing and service expansion
	Secure properties through any property transfer program and improve tenant outcomes	Undertake scenario planning to ensure organisation is positioned to pursue property transfer opportunities
	Consider mergers to deliver economies of scale, increase affordable housing supply or expand service provision	Undertake due diligence to identify prospective merger opportunities that meet strategic objectives

In 2015-16, Bridge Housing completed the first year of our Strategic Plan 2015-18, effected via our annual Business Plans. Our Business Plan 2015-16 is summarised in the table below, which shows our critical success factors, goals, performance targets and achievements. The table also shows what we aim to achieve in 2016-17 in relation to these particular items.

In 2015-16, we completed 60 per cent of the goals against a very ambitious agenda to prepare the organisation for large-scale growth. This work continues into 2016-17 with a further 20 per cent of these goals well advanced at the end of the reporting period and due for delivery in the first quarter of 2016-17.

**Key:**  completed  in progress  delayed

	Status	What we achieved	Aims for 2016-17
		All dwellings completed – waiting on final registration at Land and Property Information (LPI). See Spotlight 6 on page 74	Finalise registration and tenant all dwellings by 30 September 2016
		Project delayed. Forecast to be completed November 2016. See Development Report on page 70	Complete construction and tenant all 38 dwellings by 30 November 2016
		Project completed and tenants in occupation. See Spotlight 2 on page 32	
		We are participating in the Project Control Group, selection of builder and design process. See Development Report on page 70	Continue to participate in Project Control Groups and finalise Deed of Agreement with Land and Housing Corporation
		Properties under management increased to 24. See Operations Report on page 60	
		Four 2-bedroom units acquired at 8 Roberts Rd Randwick. See Development Report on page 70	
		Premiers Innovation Initiative did not fund any submitted proposals. Program rolled into Social and Affordable Housing Fund	Premiers Innovation Initiative was cancelled
		Incorporated in our strategy for Communities Plus tender which seeks to develop mixed tenure developments. See Development Report on page 70	Submissions to Communities Plus tenders
		Successful EOI submitted as part of the Plenary Consortium. See Operating Environment on page 34	Request for Tender to be submitted by end August 2016
		Strategy being developed by the NSW Federation of Housing Associations and will be pursued in 2016-17	Continue to work with the Federation to develop and promote the Financial Aggregator Model
		Attended the Bays Precinct open forum to discuss future redevelopment of the precinct	Maintain oversight of urban renewal projects in our operating region
		Assisting Parramatta Council with affordable housing policy, and successful with Canada Bay tender	Re-engage with councils following council amalgamations in NSW
		Original project was put on hold as philanthropist has significant health issues. Bridge Housing scoped a proposal for a new not-for-profit business stream	Implement new not-for-profit business stream
		Action Plan developed. The Commonwealth Government has now released housing pricing paper. Position paper under development	Finalise Bridge Housing's strategic approach to NDIS participation
		Scenario planning is now part of our Fit for Growth Plan to ready the company to successfully tender for property transfer opportunities. See CEO Report on page 14	Implement Fit for Growth action plan
		All providers assessing potential of Future Directions for growth, with little interest in amalgamations at this stage	Continue to consider any prospective merger opportunities that meet strategic objectives

















Critical success factors	Goal	Target (performance measure)
<b>2. Deliver quality homes and services to our residents</b>	<b>Engage our residents and work to strengthen local communities</b>	Employment of disadvantaged groups including tenants through our new maintenance contracts to drive improved economic outcomes for our community
		Implement the Good Neighbours Project to encourage positive neighbourhood relations through an improved sense of safety and belonging in the community
		Implement the Our Place Green Space initiative to give tenants a say in the provision and maintenance of their housing
		Implement the Bridge Housing in Communities initiative to celebrate and strengthen the connections across our diverse tenant community
		Implement the Big Ideas Grants Program to provide resourcing for tenants that want to work to improve outcomes for the tenant community
	<b>Drive a customer service culture across our business</b>	Analyse the 2014–15 Tenant Survey and Customer Service benchmarking results to determine actions for service delivery improvement
		Review our benchmarking approach to ensure that Bridge Housing is responding to customer feedback
		Embed the Customer Service Standards across the organisation to ensure our services are delivered with fairness, respect and sensitivity
	<b>Deliver quality, proactive applicant and tenancy management services</b>	Develop a range of new Housing Policies and Procedures to support clear, transparent decision making and quality service delivery
		Implement Hand-Up pilot and complete post implementation review to provide an avenue for tenants to address the underlying causes of their arrears to reduce tenant debt
	<b>Deliver high quality asset services to ensure our properties are at standard and meet tenant need</b>	Implement new maintenance contract for responsive and planned maintenance services so that our homes are maintained at standard, within budget, and meet tenant needs
		Develop a range of new Asset Policies and Procedures to support clear, transparent decision making and quality service delivery
		Establish an auditing regime with maintenance providers to drive quality service delivery
		Participate in the NSW pilot to retrofit energy saving features in Bridge Housing properties to support improved environmental sustainability and lower costs for our tenants
	<b>Increase opportunities to connect tenants to the services they need</b>	Implement the NSW Government Connect 100 initiative to provide a housing first approach for homeless people across the inner city



	Status	What we achieved	Aims for 2016-17
		Clauses included in all new maintenance head contracts. Contractors now returning with proposals to finalise approach for repairs and maintenance contract under this item. See Spotlight 5 on page 68	Finalise employment under maintenance contracts
		Two workshops delivered and evaluated. See Operations Report on page 60	Two workshops to be held in 2016-17
		Draft design guidelines paper developed and under review	Finalise design guidelines and continue engagement with Tenants Talk Design initiative
		Involvement in a range of community activities including Anti-Poverty Week, 2015 Harmony Day, 2016 NAIDOC Week, Mental Health Week. See Operations Report on page 60	
		Five projects funded to date – Saturday Morning Art Club, Sewing Club, South Coogee Gathering Space, Camperdown foyer beautification and poetry mapping project (in partnership with Cliff Noble Community Centre). See Operations Report on page 60	
		Workshop on the results held with tenants. See Operations Report on page 60	Conduct biennial tenant survey
		Tenant survey will now be held biennially. Smaller survey/workshop to explore important areas for tenants raised in the survey on alternate years. Survey of how tenants use social media completed	Review outcome of tenant social media survey
		Face-to-face refresher training on customer service held. See Operations Report on page 60	Online Customer Service Guide developed and embedded in PDP process for 2016-17
		Policies finalised through Policy User Group and will be rolled out across 2016-17	Ongoing policy review and development
		Guidelines developed and launched. Seven participants. Evaluation methodology developed. See Operations Report on page 60	Evaluate effectiveness of Hand Up pilot
		New contracts went live on 2 February 2016. See Spotlight 5 on page 68	Monitor and evaluate implementation of the maintenance contract
		Review started	Finalise review of Asset Policies and Procedures
		Review started	Finalise and implement new audit regime for new maintenance contracts
		Following review of costs, decision made not to install solar panels on NBESP sites	
		Fourteen tenants housed. Awaiting further referral from FACS. See Operations Report on page 60	

Critical success factors	Goal	Target (performance measure)
<b>2. Deliver quality homes and services to our residents (continued)</b>	<b>Increase opportunities to connect tenants to the services they need (continued)</b>	Implement the outcomes of the Support Partners Review to ensure Bridge Housing has strong procedures and business processes in place to sustain tenancies for high and complex needs tenants
		Implement the Streets Ahead Initiative to support tenants to improve their access to education, work experience and employment opportunities
		Implement the Local Links Initiative to reduce social isolation of tenants and improve connections with community services
		Complete a background paper examining the establishment of an Inner City Housing and Homelessness Hub to improve service coordination and community building initiatives that support applicants and tenants
<b>3. Effective governance</b>	<b>Maintain strong corporate governance and organisational management</b>	Undertake internal review to ensure our corporate governance meets best practice and continues to align to <i>ASX Corporate Governance Principles and Recommendations</i>
		Establish three-year Internal Audit Program 2016–2018
		Review Schedule of Delegations to improve organisational efficiency and control
		Undertake annual review of corporate policy and procedures to ensure ongoing relevance to organisational requirements
		Review costs/benefits of implementing electronic board papers
	<b>Meet our regulatory and compliance responsibilities</b>	Maintain NRS Tier 1 registration
		Engage appropriate and sufficient resources to ensure the compliance obligations of the organisation are met
		Establish a framework, policies and procedures for NRAS compliance
	<b>Maintain alignment between the Strategic Plan, Business Plan and associated reporting</b>	Business Plan 2016–17 is approved by the Board and robust business planning and reporting processes are in place
	<b>Develop a framework to measure the social impact of our service delivery to support the sustainability of the business and enhance community outcomes</b>	Review and analyse the Net Balance Report to develop a social impact measures framework for Bridge Housing

	Status	What we achieved	Aims for 2016-17
		Pilot of Housing Support Specialist role proved successful, will be extended in 2016-17. Majority of Service Level Agreements with support partners in place. New reporting underway and policy under development. See Operations Report on page 60	Finalise supported housing policy and procedure
		<ul style="list-style-type: none"> <li>Orbit Launch Pad and Orbit Snapchat project completed. See Spotlight 1 on page 10</li> <li>Work Experience and Volunteer Policy drafted</li> </ul>	Launch Work Experience and Volunteer Policy
		<ul style="list-style-type: none"> <li>Home visit - Tenant Wellbeing Check form developed</li> <li>On site financial counselling established</li> <li>Eight councils have been engaged in the local links project and are assisting with Building Bridges initiatives</li> <li>Operations staff attending appropriate community inter-agencies</li> </ul>	Continue to build strong relationships with local service providers and local government, and link tenants in
		Completed - future development dependent on relocation of office accommodation	
		A couple of recommendations are to be considered as a part of the next Board review to be completed in Q2, 2016-17	An independent Board review to be undertaken
		New internal auditor appointed in December. See Our Governance on page 54	Undertake Year 2 of the three-year internal audit program
		Schedule of Delegations reviewed, revised and approved	Review financial delegations to support Fit for Growth recommendations
		Policy compliance schedule reviewed, developed and approved	Undertake review of selected corporate policies
		Review completed and to be presented to August 2016 board meeting	Implement electronic board papers
		Submission lodged in December 2015 and confirmation of ongoing registration received in January 2016. See Finance and Corporate Services Report on page 76	Maintain Tier 1 registration under the National Regulatory System
		Review completed and compliance officer appointed	
		Framework and procedures put in place	Ensure ongoing adherence to NRAS reporting and compliance requirements
		Presented and approved at June Board meeting	Business Plan 2017-18 is approved and effectively communicated to stakeholders
		Initial framing work completed. Deferred to incorporate the NSW FHA and FACS Outcomes Framework	Develop an outcomes framework for the business in alignment with sector framework and FACS policy directions

Critical success factors	Goal	Target (performance measure)
<b>3. Effective governance (continued)</b>	<b>Work closely with the tenants to ensure they have a real say in our operations and planning</b>	Ensure involvement of tenants in business planning and new initiatives through the Tenants in Operations and Planning initiative
		Work with Aboriginal tenants and service providers to promote Reconciliation
		Work with tenants to develop a Tenant Code of Conduct
<b>4. Business sustainability</b>	<b>Maintain strong financial management and operational performance</b>	Maintain our financial viability by meeting budget projections and securing long term debt to fund current and future requirements
		Effective management of debt facilities and compliance with banking covenants
		Enhance the 20 year forecasting model to improve usability
	<b>Continue a strategic whole-of-life approach to asset management</b>	Update the Strategic Asset Management Plan to ensure it is still fit for purpose
		Develop an action plan for Community Housing Leasehold Program (CHLP) management policy to ensure the portfolio provides safe and secure housing for our tenants and is financially sustainable
	<b>Implement and embed technologies that support customer service and organisational performance</b>	Upgrade SDM to V2014 to address system issues and deliver improved functionality
		Examine options to improve efficiency and reduce costs of rent review through technology
		Implement use of mobile technology strategy and undertake review at end of Year 1
		Begin implementation of electronic document records management system
		Improve dashboard reporting for key operational KPIs
	<b>Undertake ongoing improvement to strategic risk management practices</b>	Annual review of the risk management plan to ensure that risk management is aligned to strategic and business plans
		Ensure the Risk Management Plan (RMP) responsibilities are embedded at the right organisational level
		Develop 2015-16 Work Health and Safety Plan
<b>5. Develop our people</b>	<b>Ensure the right organisational structure and roles are in place to support strategic objectives</b>	Review existing roles and responsibilities and realign organisational structure to meet long term business objectives
		Review adequacy of existing level of HR support and develop an appropriate resourcing plan
		Undertake review of recruitment policy and procedures
	<b>Attract, recognise, reward and retain quality staff</b>	Review remuneration model / strategy

	Status	What we achieved	Aims for 2016-17
		Tenants consulted on next year's business plan via the Tenant Advisory Group leadership group	Ensure the involvement of tenants through the Tenants in Operation and Planning initiative
		Reconciliation Plan drafted and submitted to Reconciliation Australia. See Operations Report on page 60	Launch and implement strategies under the Reconciliation Action Plan
		Workshop held with tenants. Currently finalising Code in consultation with TAG Liaison Group. See Operations Report on page 60	Launch Tenant Code of Conduct
		Additional debt funding secured and all financial KPIs met during the year. See Finance and Corporate Services Report on page 76	Maintain our financial viability by meeting budget projections and expanding our debt facilities to fund future requirements
		All banking covenants met. See Finance and Corporate Services Report on page 76	Effective ongoing management of debt facilities and compliance with banking covenants
		Model reviewed and updated	Refine 20 year forecast model to accommodate new structures of project delivery and fit for growth modelling
		Review started. See Operations Report on page 60	Update Strategic Asset Management Plan to ensure it is still fit for purpose
		Action Plan developed and new role established to drive efficiencies	Develop a Community Housing Leasing Program Policy and Procedure
		Upgrade completed. See Finance and Corporate Services Report on page 76	Upgrade SDM to V2015 to address system issues and deliver improved functionality
		Testing completed and implemented for March rent review. See Finance and Corporate Services Report on page 76	Implement changes to rent review process
		Review completed and recommendation made but implementation delayed until 2016-17	Implement mobility strategy
		Ongoing project. See Finance and Corporate Services Report on page 76	Implement electronic document records management system
		Not prioritised. Deferred until 2016-17	Implement dashboard reporting for key operational KPIs and performance outcomes
		Approved at the August Board meeting. See Finance and Corporate Services Report on page 76	Annual review of risk management plan and report quarterly
		Review undertaken and allocations made but not fully embedded	Fully embed RMP responsibilities throughout the organisation
		Presented to the October board meeting	Develop 2016-17 Work Health and Safety Plan
		Not yet begun. Delayed until we better understand the shape of any property transfer program. Now incorporated into the Fit for Growth review	Complete Fit for Growth action plan
		Review completed but will form part of the Fit for Growth review and implementation	Complete Fit for Growth action plan
		Review completed and revised recruitment policy implemented	
		Discussion paper prepared. Currently sourcing consultants to undertake the work	Undertake remuneration model review

Critical success factors	Goal	Target (performance measure)
5. Develop our people (continued)	Attract, recognise, reward and retain quality staff (continued)	Examine opportunities to increase cross team collaboration through team building
		Examine opportunities to provide internships or traineeships in the business to support career development in the community housing industry
	Deliver training, development and performance management aligned to strategic objectives	Review the learning and development program to support staff and deliver business plan objectives
		Review KPIs and measurement effectiveness to refine the link between business plan objectives, performance management and remuneration
		Update PDP forms to incorporate a greater focus on career development
	Create a more flexible, fit-for-purpose workplace	Develop and implement accommodation strategy
		Review and clarify the flexible work policy
	Build on our positive organisational culture as we grow and change	Develop and implement an action plan in response to the 2015 Staff Engagement Survey and outcome of A Great Place to Work Survey
		Review the frequency of Employee Opinion Surveys and the impact of a Great Place to Work Survey
6. Enhance our reputation and extend our relationships	Increase awareness of our value proposition and build on our strong brand and reputation	Continue to build our brand, both in and out of the sector
		Develop a translations protocol to guide when and how we will translate key communications for culturally and linguistically diverse communities
		Develop a marketing strategy and a capability statement
		Design and execute the delivery of a 30 Year Celebration Event
	Continue to improve communications with residents, partners and stakeholders	Further develop and execute communication strategy
		Develop a plan and execute strategy to increase the use of social media as a communication tool for our tenants, stakeholders and community
		Analyse how tenants are using our web site and identify areas for improvement to drive engagement
		Implement improved SMS communications with tenants
	Advocate strongly for affordable housing, including property transfers and funding	Advocate around affordable housing policy and funding directions, and develop strategy for engagement with key stakeholders – private, government, local government, community



	Status	What we achieved	Aims for 2016-17
		Four team building initiatives developed and delivered. See Finance and Corporate Services Report on page 76	Continue to explore new opportunities to increase cross team collaboration
		Delayed until 2016-17	Investigate the development of a traineeship/intern/graduate recruitment program
		Training program developed and implemented	Review the learning and development program to support staff and deliver business plan objectives
		Flow-through link established from corporate objectives through to individual KPIs	
		New online performance management system implemented with a specific focus on development planning. See Our People on page 46	
		Approved at December board meeting	Develop long term accommodation relocation strategy
		Review and draft policy update completed, but issues identified through the policy review working group. To be revisited in 2016-17	Review remuneration model and flexible work arrangements
		Plan developed and action plan implemented. See CEO Report on page 14	Develop and implement an action plan in response to the 2016 Staff Engagement Survey
		Completed and agreed to maintain through yearly Employee Opinion Survey	Undertake Employee Opinion Survey and achieve higher staff engagement score
		Senior staff are members of key housing industry and professional groups. CEO and GMs presentations at conferences and industry forums. Increased social media profile. See Bridge Housing in the Community on page 90	
		Draft developed	Finalise and launch translations protocol
		Started consultation around what the capability statement will include	Develop a marketing strategy and a capability statement
		Decided not to proceed	
		Undertook a review of impact of 2014 Communication Plan. Increased use of social media	Undertake review of social media effectiveness
		Social media profile has increased throughout 2015-16, and interaction with the online community has also increased. See CEO Report on page 14	Broaden understanding and use of social media amongst staff
		Review completed, and action plan developed	Implement action plan
		Review undertaken and solution identified to be implemented in 2016-17	Implement an integrated SMS communication system
		Advocacy has been through our involvement with NSW Federation of Housing Associations highlighting affordable housing need through social media	Continue to advocate for the sector with key stakeholders

# Housing Affordability

This is Bridge Housing's sixth Housing Affordability report, which measures and monitors housing affordability for low-to-moderate income households and provides a context for the demand for affordable housing across our operating region.

## Introduction

Our sixth consecutive report on housing affordability in our operating region continues to show acute affordability pressures for low-to-moderate income households, driven by soaring housing prices in Sydney.

Housing stress, housing affordability trends, demand for public housing, and homelessness remain areas of concern; not just for community housing providers but for every organisation that provides support services for vulnerable and disadvantaged members of the community. Safe, secure and affordable housing provides the foundation for quality of life for individuals and to support thriving communities.

## How We Measure Affordability

Bridge Housing uses the definition of 'affordability' provided by the Centre for Affordable Housing (a division of FACS), which states: 'Housing is considered to be "affordable" when it is priced so that other essential costs like food, clothing, transport and services can be

adequately met. This is generally where housing costs are less than 30 per cent of gross household income for low-to-moderate income households.'

A diverse and growing range of people cannot access affordable and appropriate housing in their local area. They include:

- ▶ people on a very low income, defined as less than 50 per cent of the NSW or Sydney median income depending on where they live, such as workers in lower-paid occupations like retail or manufacturing, as well as people earning the minimum wage or who are on an aged or disability pension or other government benefit
- ▶ people earning a low income, defined as more than 50 per cent but less than 80 per cent of the NSW or Sydney median income, such as some childcare workers, secretaries and cleaners
- ▶ people earning a moderate income, defined as between 80 per cent and 120 per cent of the NSW or Sydney median income, such as teachers, police officers and nurses, particularly those in the early stages of their careers.

## Affordability Trends

Pressure on housing prices will continue to increase purely through population growth. Sydney's population will grow by 1.6 million people, from 4.2 million in 2011, to 5.8 million, by 2031. Housing this population will require an additional 664,000 new dwellings over 20 years – or 33,000 dwellings per year. The NSW Government's main policy prescription for affordable housing is increasing housing supply and it points to the record

number of housing starts since its election in 2011. In that period starts rose from 14,722 in 2011 to 27,348 in 2015. NSW Treasurer Gladys Berejiklian has said "The most effective way we can tackle housing affordability is to increase supply," but housing prices have increased by 40 per cent since 2011.

To put that in context, the average residential dwelling completion in Sydney between 1995-96 and 2010-11 was 20,000 dwellings per year. While current production is higher, at 25,000 dwellings per year, it is well below the projected demand.

The impacts of pressure on housing prices are illustrated in the Demographia 12th International Housing Affordability Survey, which measures affordability in 86 international housing markets by calculating housing costs as a multiple of median incomes – the 'median multiple'<sup>7</sup>. On Demographia's rating scale, a median multiple over 5 is regarded as 'severely unaffordable'. Sydney was ranked with a median multiple of 12.2, which is a significant increase from the 2014 rating of 9.8. Sydney has the dubious distinction of being the least affordable housing market in Australia and the second least affordable international market, after Hong Kong. Melbourne was the second in Australia, with a median multiple of 9.7 up from 8.7 in 2014.

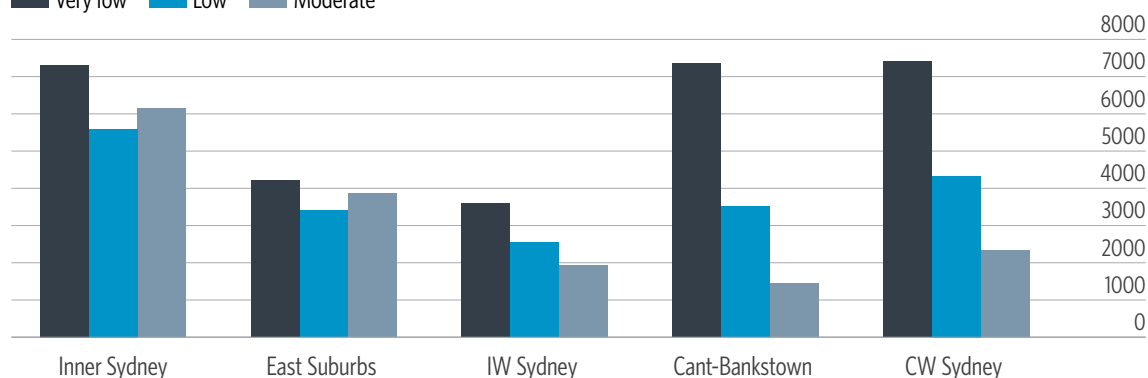
Between 1981 and 2015, the income required to purchase a dwelling in Sydney, expressed as a median multiple, increased from 5 to 12.2.

<sup>7</sup> The Demographia International Housing Affordability Survey rates middle-income housing affordability using the 'Median Multiple.' The Median Multiple is widely used for evaluating urban markets, has been recommended by the World Bank and the United Nations, and is used by the Joint Center for Housing Studies, Harvard University. The Median Multiple and other similar housing affordability price-to-income-multiples are used to compare housing affordability between markets by the Organization for Economic Cooperation and Development, the International Monetary Fund and The Economist

## Rental Stress

Number of households by income and region, 2011

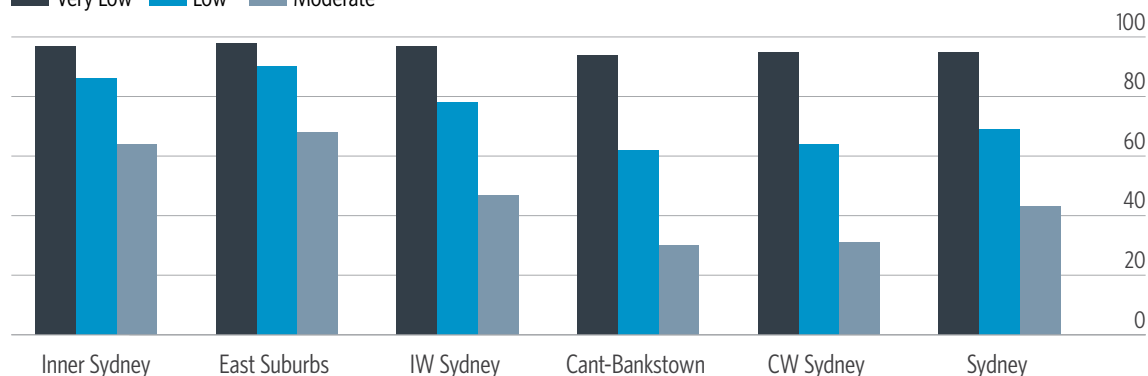
Very low Low Moderate



## Rental Stress

Percentage of households by income and region, 2011

Very Low Low Moderate



Declining housing affordability, which decreases the number of affordable rental properties, affects households on very low and low incomes the hardest. Anglicare Australia's 2016 Australia Rental Affordability Snapshot found 13,000 private rentals were advertised for rent in Greater Sydney on the weekend of 2-3 April 2016. Of these, only 431 properties were affordable and appropriate for people living on income support payments, without placing them in housing stress. For people living on the minimum wage, 688 properties were affordable and appropriate without placing them in housing stress.

Anglicare's report reinforces the experience of many of the people who are now tenants of Bridge Housing or waiting to be allocated affordable housing:

*Housing unaffordability affects everyone. But for people living on low incomes it is a constant struggle. The longer they are limited by the cycle of living on low incomes, the harder it is for them to extricate themselves from their circumstances. As a result households – and that means families and individuals – become further entrenched in ongoing poverty, isolation and disadvantage. Little by little, the fabric that holds their lives together begins to unravel and it can take only one unexpected expense or event to entrench people into disadvantage, perhaps for the next and even subsequent generations.*

**Anglicare Australia, 2016 Australia Rent Affordability Snapshot**

For many households, even those on moderate incomes, home ownership is a receding dream and renting needs to be of more permanent tenure. Only five suburbs of the 540 in Sydney are affordable for renters on minimum wage, and a graduate nurse can only afford to rent in 293. Essential workers – nurses, police – are increasingly being forced out to the city fringe if they want to buy, far from where they work. Many are shift workers.

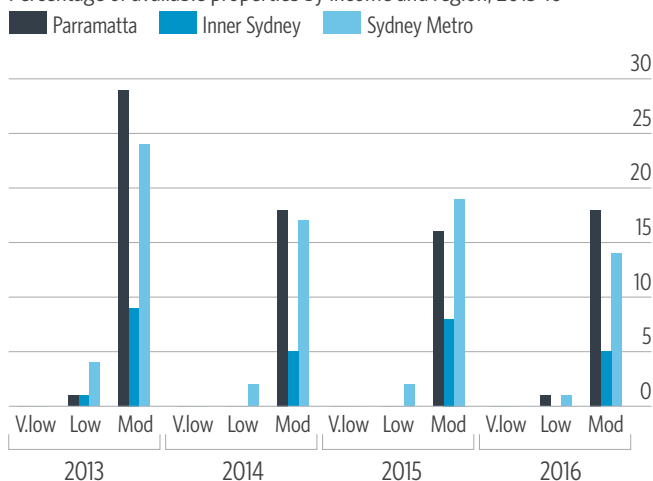
## Housing Stress

People in NSW on low-to-moderate incomes are increasingly unable to access affordable housing. During 2009-10, almost half (45.7 per cent) of low-to-moderate income private renters in NSW experienced housing stress, up from 39.9 per cent in 2007-08. This was even more acute in the Sydney region, where in 2011 more than 69 per cent of low-to-moderate income private renters experienced rental stress, up from 41.4 per cent in 2007-08.

In the Sydney region, more than 281,000 low-to-moderate income households are experiencing rental or purchase stress. This includes 130,000 households with significant purchase stress and 150,000 renters experiencing housing stress. The two rental stress charts show how these figures are distributed across Bridge Housing's operating region, from the City of Sydney (inner Sydney) to the City of Parramatta (central western Sydney), and how this compares with the Sydney region.

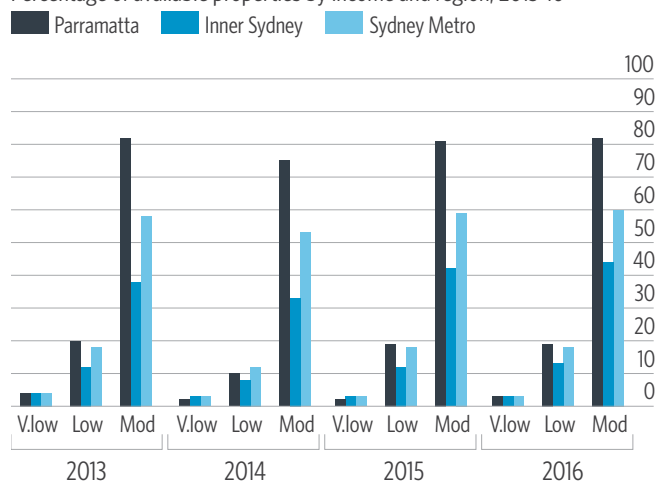
## Affordable purchase

Percentage of available properties by income and region, 2013-16



## Affordable rental

Percentage of available properties by income and region, 2013-16



## Affordable Properties

Between 2009 and 2015, there was a decrease in the supply of affordable rental properties for very low and low income and moderate income households across the Sydney region, particularly in inner Sydney and to a lesser extent in the Parramatta LGA. There has been some very marginal improvement in housing affordability for moderate income households.

The potential for people to purchase a home diminished significantly over the same period. Less than 10 per cent of dwellings in inner Sydney and just over 20 per cent in Parramatta were affordable for moderate-income households, with the majority of very low and low-income households unable to purchase a home.

The trends experienced in our region follow significant trends in the national housing market.

## What We Are Doing

Bridge Housing's resources and programs help to meet the need for affordable housing. By November 2016, Bridge Housing will have developed an additional 112 social and affordable homes for long-term rental. In July 2016 we completed 65 affordable three-bedroom dwellings on

UrbanGrowth's Bungarribee Estate, Blacktown. We also began converting an older block of units in Ashfield into nine one-bedroom self-contained units, completed in July 2016 and targeted to older women on low incomes. In November 2016 we will complete 38 one and two-bedroom units in Parramatta. Beyond this we have secured a development site in Seven Hills, which will deliver a mix of social, affordable and private units by early 2019.

The Development Report on page 70 provides further information on our construction program.

Our existing affordable housing programs provide 98 affordable homes, including developments at Wiley Park (eight units) and Eveleigh (27 units). We manage Waverley Council's Affordable Housing Program (28 units), and secured the management tender for the SOPA affordable housing program, through which we are currently managing 24 units. In addition, we have management agreements with private developers under the State Environmental Planning Policy No 70 - Affordable Housing.

However, the community housing sector requires considerably more federal and state resources to meet the

affordable housing challenge. We would like to see the National Rental Affordability Scheme (NRAS) reinstated and the development of a comprehensive national affordable housing strategy by the Australian Government, mirrored by a corresponding strategy from the NSW Government. This is discussed at greater length in the Operating Environment section of this annual report.

## Social Housing demand

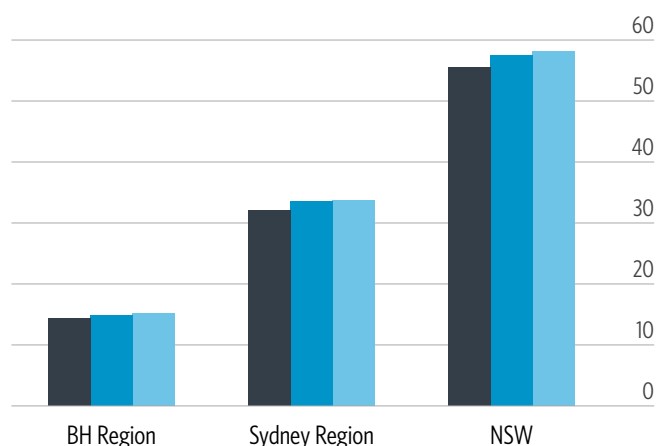
State social housing waiting lists are a strong indicator of the housing needs of low-income households. In NSW, the list is called the Housing Register. The number of households on the NSW Housing Register increased from 55,000 households in 2012 to 60,000 households in 2015. As we noted above this is just the tip of the iceberg.

The Social Housing Applicants chart shows the changes in housing demand by region.

Across Bridge Housing's operating region, 15,000 households are waiting for social housing, with an average wait time of between five and 10 years.

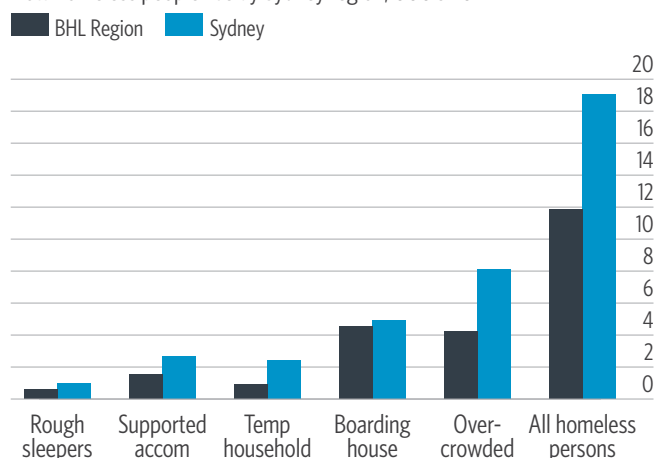
## Social Housing Applicants

Number of applicants by NSW Region, 000's 2012-14



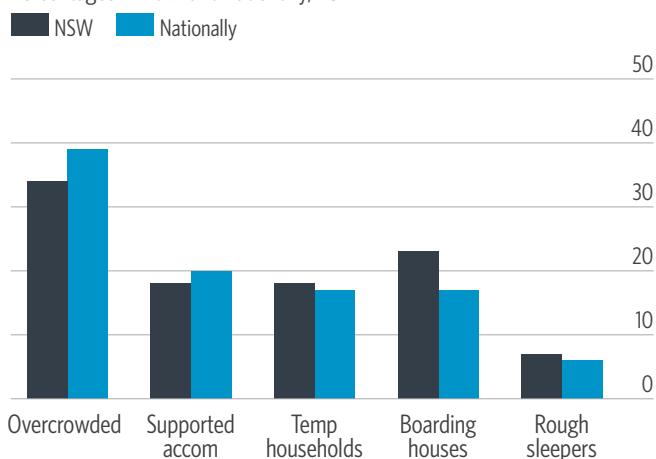
## Homelessness

How homeless people live by Sydney region, 000's 2011



## How homeless people live

Percentages in NSW and nationally, 2011



## What We Are Doing

Bridge Housing allocates dwellings to applicants on the NSW Housing Register. In 2015-16, we provided secure and affordable accommodation to 246 households, compared to 281 households in 2014-15. This was facilitated through our capital and leasehold and fee-for-service programs and the 25 dwellings we added to our portfolio.

live chart shows where homeless people live across NSW and nationally.

As the Homelessness chart shows, homelessness is concentrated in the Sydney metropolitan area and predominantly within Bridge Housing's operating area. More than 8,000 severely overcrowded households in the Sydney metropolitan area are within our operating region.

## Homelessness

The National Housing Supply Council stated in its Housing Supply and Affordability Issues 2012-13 report that the decreasing affordability of housing was a key cause of homelessness. The most recent national homelessness figures, from the 2011 Census, show that the number of people who were homeless or living in marginal housing increased by 10.4 per cent between 2001 and 2011. The number of people living in severely overcrowded accommodation accounted for the majority of this increase. The 2011 Census showed that there were 28,190 homeless people in NSW, which is an increase of 5,971, or 27 per cent, on the revised 2006 Census figure. The How homeless people

## What We Are Doing

Bridge Housing meets the needs of homeless people through our mainstream housing program and specialised homelessness programs, including My Place, the MISHA Project (Michael's Intensive Supporting Housing Accord) and Platform 70. In 2015-16, we delivered Connect 100, through which we have housed 14 previously homeless people with secure and affordable accommodation. We also use our capital properties and those we lease from the private rental market to provide further housing. This year we provided secure affordable housing for 221 households from Housing Pathways.



# Spotlight 2:

## Ashfield – a new model of housing and support for older women

In May 2014, Bridge Housing combined funding from the NSW Government, NRAS subsidies and a \$500,000 financial donation from a benefactor, Sylvia Hale, to purchase a run-down art deco unit block in Ashfield. Our aim was to transform the building into nine studio apartments.

Our Development team created a design that allowed for a high standard of accommodation as well as creating an additional unit, increasing the capacity of the block to house nine people in nine separate studios. Bridge Housing is delighted that as well as all the common facilities being wheelchair accessible the building also boasts a fully compliant disabled access unit. During the construction and planning phase, Bridge Housing identified the site as suitable to support the needs of a growing group of people seeking social housing – older women.

According to 2011 Census data, 36 per cent of older homeless people are women. In March 2016, the Older Women and Homelessness Working Group, chaired by Homelessness NSW, launched *A Plan for Change – Homes For Older Women*. It highlighted that older women who are homeless do not always have complex needs or require ongoing support.

Their homelessness is related to their low incomes and their lack of assets – they can't afford to pay a mortgage as a single woman, they can't afford to



Front view of the Ashfield block



Rear view of the Ashfield block

pay market rents, and they often can't even find housing that works well for them.

Bridge Housing wanted to examine how we could develop new types of housing, linked to support, for older women. We approached YWCA NSW, a service experienced in the delivery of support for older women, to work with tenants in the Ashfield properties. YWCA NSW was swift to respond and the partnership was formed in March 2016. Eligible clients were identified from the NSW Housing Register, Bridge Housing

tenants looking to downsize, and women from the YWCA's supported housing programs.

Tenants moved into their new homes in July 2016. Tenants have been linked to the support partner for the site, YWCA NSW. The YWCA will work with tenants to ensure that they have the support and services needed to sustain their tenancies as well as working with Bridge Housing staff to support the success of the shared living arrangement.

Not only did Bridge Housing develop new support partnerships in Ashfield,

it delivered a new type of housing development – studio accommodation that is flexible in design and suitable for a variety of housing needs. The quality of the building was enhanced, for example with the inclusion of engineered timber flooring, extra cupboard space and an additional fire alarm panel to increase the safety of our tenants. Our accessibility measures support women's ageing in place.

### Tenant story - A tenant's perspective of her new home at Ashfield:

Jane\* was staying in a hotel funded by the FACS temporary accommodation program after she missed out on a work opportunity and was left without money to pay her rent. She had not been able to find somewhere more permanent to live and felt very alone.

Jane was referred by FACS to the YWCA and met Tegan, her support worker. Jane was surprised at the level of respect and support she received from Tegan. She felt blessed by the kindness and support that was given to her by the YWCA and her new housing manager at Bridge Housing.

If Jane had not been housed by Bridge Housing when she was, she felt it was going to be a very sad time for her. Jane had been feeling suicidal. She realised at her age it was not going to be easy to find somewhere to live and she felt like she was going to be sleeping on the streets.

Jane said before being housed by Bridge she was feeling 'unsafe, sad and scared' but with the support of both Bridge Housing and the YWCA she now feels 'safe, blessed and very lucky'.

\*Name has been changed to protect anonymity

# Operating Environment 2015–16

Federal and NSW government policy settings play a significant role in shaping the operating environment of community housing providers. Like other providers, Bridge Housing depends on governments for policy framework, funding, resource allocation, contracting and property supply.

This section of our Annual Report describes how our operating environment affected Bridge Housing and the community housing sector in 2015–16.

## Federal Government

### Introduction

In 2015–16 housing affordability finally emerged as a political and policy issue, which all major political parties are starting to address, if unevenly. The key driver of this is the implacable demographic fact that younger and low-to-moderate households in Australia are struggling to enter home ownership because increases in housing prices in our major capitals continue to outstrip income growth. Both the Liberal and Labor parties are attempting to come to terms with this future housing reality in Australia, as was evident during the 2016 Federal election.

It is likely we will see further policy development from the Turnbull Government and the Labor Opposition. This will be shaped by attitudes to budget management, the outcomes of the Government's Affordable Housing Working Group and effective advocacy from the community housing sector.

### Government responses

During the year, the affordable housing agenda moved to the centre of government with the appointment of The Hon. Scott Morrison MP as Treasurer in September 2015. Morrison had developed an interest in housing affordability from his previous position as minister for social services<sup>8</sup>.

While in the social services portfolio, Morrison established the internal Affordable Housing Working Group. Its key objective is to identify potential finance and structural reform models that increase the provision of affordable housing (social housing and housing in the private rental market) through access to institutional investment. The discussion paper Affordable Housing Working Group: Issues Paper was released in January 2016 for comment. The final report is expected to be released in late September and we believe the paper will recommend the establishment of a national financial aggregator which will raise funds through issuing bonds, while government subsidies will meet the difference between the return required by superannuation and the rent paid by low-to-moderate income households. On the surface, this focus on options for financial instruments appears narrow, but the policy recommendations actually have enormous implications. They change the policy and funding architecture for federal and state financing of social housing through the National Affordable Housing Agreement (NAHA)<sup>9</sup>, affect the rental subsidy system and Commonwealth rent assistance for households receiving income support and family benefits, and re-energise the National Regulatory System for Community Housing<sup>10</sup>. One of the key points made by the financial institutions that responded to the discussion paper was the need for strong and comprehensive national regulation. It is expected the paper will be released in late 2016.

<sup>8</sup> Alana Schetzer, 'Scott Morrison says housing affordability and stock shortage at the centre of social ills', *Sydney Morning Herald*, 22 July 2015, [www.smh.com.au/federal-politics/political-news/scott-morrison-says-housing-affordability-and-stock-shortage-at-the-centre-of-social-ills-20150722-gii15i.html](http://www.smh.com.au/federal-politics/political-news/scott-morrison-says-housing-affordability-and-stock-shortage-at-the-centre-of-social-ills-20150722-gii15i.html)

<sup>9</sup> Australian Government Department of Social Services, National Affordable Housing Agreement, [www.dss.gov.au/housing-support/programmes-services/national-affordable-housing-agreement](http://www.dss.gov.au/housing-support/programmes-services/national-affordable-housing-agreement)

<sup>10</sup> The National Regulatory System for Community Housing (NRSCH) only operates in four states: Victoria, NSW, South Australia, Queensland and Tasmania. Victoria and Western Australia are not participating at this time. For further information go to National Regulatory System for Community Housing (NRSCH), [www.nrsch.gov.au/](http://www.nrsch.gov.au/)



The Labor Opposition's policy to restrict tax concessions available through negative gearing is another signal of the ways housing affordability is beginning to bite as a policy and political issue. Over the 2016 Federal election campaign, housing affordability emerged as one of the top three issues. While neither party has produced a comprehensive policy response during or after the election campaign, it is clear this issue will require some significant policy interventions over the near term.

The Turnbull Government went into the 2016 election pledging \$2.3 billion in welfare savings. These were to be effected through cuts to the energy supplement for those on the lowest incomes, including pensioners, sole parents, single income families, family carers and Newstart recipients, as well as cuts to family payments that would see a sole parent with two teenage children lose \$60 a week. Ninety per cent of community housing tenancies are with people on income support. Assuming these cuts are passed by the new Parliament, they will reduce the rental income of community housing providers<sup>11</sup>.

## National Disability Insurance Scheme

Our Annual Report 2015 described the National Disability Insurance Scheme (NDIS) ([www.ndis.gov.au](http://www.ndis.gov.au)) as the most significant reform to disability services in the past 30 years. Many people with disabilities are on low incomes and have difficulty finding affordable, safe, secure, accessible housing that allows them to maximise their economic and social participation. This is due to the

cost of support for independent living and the limited supply of affordable housing. The estimated unmet need for affordable housing for NDIS participants is between 83,000 and 122,000 properties.

The NDIS housing funding paper, released in September 2015, was the only significant housing policy announcement made at the federal level<sup>12</sup>. This confirmed that \$700m will be available to build new affordable housing from 2018, once the NDIS is fully operational. The policy provides community housing providers with greater certainty on the level of housing subsidy the NDIS will pay, and this will assist in raising finance. In addition, it provides further information on design criteria for building and modifying housing for people with disabilities to ensure access accords with Livable Housing Australia universal design standards.

## Regulation

Community housing providers are subject to two regulators: the Australian Charities and Not-for-profits Commission and the National Regulatory System for Community Housing (NRSCH) ([www.nrs.org.au](http://www.nrs.org.au)).

## National Regulatory System for Community Housing

There has been little change in the NRSCH, which came into effect in January 2014 to replace the previous state-based community housing regulatory systems and covers all jurisdictions, except Victoria and Western Australia. The aim of the NRSCH is to ensure regulatory consistency across Australia,

reduce the compliance burden for community housing providers wishing to operate across state jurisdictions, and provide confidence to government and stakeholders, including financiers. Community housing providers undergo an annual compliance assessment across seven performance outcomes: tenant and housing services, housing assets, community engagement, governance, probity, management, and financial viability. The compliance assessment is in proportion to the risk exposure of the community housing provider. Providers that undertake property development and borrow funds, like Bridge Housing, are assessed as Tier One providers. Our performance against the NRSCH benchmarks is reported in the Our Performance table beginning on page 18 of this report.

The NRSCH was established around the premise that the community housing sector would grow much more rapidly across Australia than it has, and that the Commonwealth would play a much more active role. This has not happened because of different approaches by state jurisdictions to community housing, each of which has different policy agendas and priorities. However, as the growth of housing associations in the United Kingdom shows, a strong regulatory regime is required as one of the building blocks to ensuring a vibrant community housing sector. As stated above, it is hoped that the outcomes from the AHWG will reignite this.

<sup>11</sup> Australian Council of Social Services Media Release 23 May 2015, 'New Report Confirms Budget Fails Fairness Test', [www.acoss.org.au/budget-fails-fairness-test/](http://www.acoss.org.au/budget-fails-fairness-test/)  
<sup>12</sup> Luke Boshier, 'NDIS Housing Funding Principles Announced', Disability Services Consulting, 16 August 2016, [www.disabilityservicesconsulting.com.au/next-gen-housing/](http://www.disabilityservicesconsulting.com.au/next-gen-housing/)



## Future Directions for Social Housing in NSW



### Australian Charities and Not-for-profits Commission

As large registered charities, community housing providers are regulated by the Australian Charities and Not-for-Profits Commission (ACNC). Although only established in 2012, the future of the ACNC has been in doubt as successive governments have threatened to abolish it. In March 2016, the Minister of Social Services indicated it would retain the ACNC<sup>13</sup>.

### NSW Government

Compared to the tentative approach of the Federal Government, the NSW Government is a whirlwind of announcements and activities on social and affordable housing. However, although these will result in growth in the community housing sector, they will not significantly add to the social and affordable

housing supply and so will not meet existing and future affordable housing need. Sydney's population will grow by 1.6 million by 2031 and requires 660,000 additional new dwellings over this period. Historically high rates of housing production are no brake on housing prices, which continue to rise<sup>14</sup>.

### Future Directions for Social Housing in NSW

Future Directions is a ten-year plan to deliver 23,000 new social housing properties through a number of programs; reform service delivery and improve customer service; and refocus housing assistance for those able to move into employment and training and take up opportunities in the private rental market<sup>15</sup>. However, only 6,000 of the new properties will be additional supply – the remaining 17,000 will be redeveloped properties, delivered through the Communities Plus initiative.

Future Directions will make available large and small social housing sites that can be redeveloped into a mix of private, affordable and social housing. Examples include Seven Hills and the larger Ivanhoe Estate<sup>16</sup>. Community housing organisations will be required to partner with private developers to redevelop the sites, with the community housing provider securing the management of the social and affordable housing dwellings. This is a positive start, as it will enhance community housing provider capacity and deliver new build properties to replace ageing properties. However, it potentially leaves community housing organisations, with shallow balance sheets, exposed to significant levels of risk.

Future Directions includes a proposal to transfer up to 35 per cent of social housing properties to community housing management between 2017 and 2023. The size and shape of

the program is subject to NSW Cabinet approval in late 2016. The NSW Federation of Housing Associations, the state sector organisation, has argued for title transfer and increasing lease terms from three to 35 years, which would enable community housing providers to borrow to manage the properties through more effective maintenance or re-development strategies<sup>17</sup>. The NSW Government has rejected title transfer but may be more open to longer leases.

### Social and Affordable Housing Fund

The Social and Affordable Housing Fund (SAHF) will supply \$1.1 billion for the delivery of social and affordable housing<sup>18</sup>. The NSW Government will invest the funds and the program will be rolled out in a number of phases. Phase One will deliver 3,000 additional social and affordable homes in metropolitan and regional NSW, with access to integrated support services through tenant support coordination.

In Phase One, the SAHF will purchase service packages from private and not-for-profit consortiums, which will buy 25 years of social and affordable supply, at which point the property can be sold. FACS conducted an expression-of-interest process that attracted 24 EOIs. Bridge Housing tendered as part of the Plenary Consortium with four other community housing providers, which was one of the parties that moved into the Request for Tender phase, which is currently being assessed by FACS.

SAHF provides significant capacity building for community housing – contract management, delivering and measuring tenant and housing outcomes, and managing mixed social and affordable housing sites. At the program level our industry body, the New South Wales Federation

<sup>13</sup> The Hon. Christian Porter MP, Minister for Social Services, media release 4 March 2015, 'Retention of the Australian Charities and Not-for-profits Commission', [www.christianporter.dss.gov.au/media-releases/retention-of-the-australian-charities-and-not-for-profits-commission](http://www.christianporter.dss.gov.au/media-releases/retention-of-the-australian-charities-and-not-for-profits-commission)

<sup>14</sup> See *Sydney Morning Herald* article. The government says it has a plan to fix the housing affordability crisis. This chart suggests it doesn't. [www.smh.com.au/business/the-economy/the-government-says-it-has-a-plan-to-fix-the-housing-affordability-crisis-this-chart-suggests-it-doesnt-20160902-gr7sbz.html](http://www.smh.com.au/business/the-economy/the-government-says-it-has-a-plan-to-fix-the-housing-affordability-crisis-this-chart-suggests-it-doesnt-20160902-gr7sbz.html)

<sup>15</sup> For more information on Future Directions go to [www.socialhousingnsw.gov.au/?a=348442](http://www.socialhousingnsw.gov.au/?a=348442)

<sup>16</sup> For more information on Communities Plus go to [www.facs.nsw.gov.au/reforms/social-housing/communities-plus](http://www.facs.nsw.gov.au/reforms/social-housing/communities-plus)

<sup>17</sup> Largescale Property Transfers, NSW Federation of Housing Associations [www.communityhousing.org.au/HousingMatters/May16/](http://www.communityhousing.org.au/HousingMatters/May16/) Largescale Property Transfers

<sup>18</sup> For more information on the Social and affordable Housing Fund go to [www.facs.nsw.gov.au/reforms/social-housing/SAHF](http://www.facs.nsw.gov.au/reforms/social-housing/SAHF)



of Housing Associations, is advocating for the SAHF to assist in the introduction of an affordable housing financing body for NSW, should the Federal Government decide not to proceed with what we believe the Affordable Housing Working Group will recommend.

## The NSW planning system

In our 2015 Annual Report, we analysed the NSW Government's failure to use the NSW planning system effectively as a policy lever to promote the development of new affordable housing. We stated the NSW Government's metropolitan strategy, *A Plan for Growing Sydney*, fell short, as it lacked targets for affordable housing and instruments to deliver affordable housing, particularly in those regions and districts earmarked for redevelopment, most of which fell within Sydney's Global Economic Arc, a region that will provide significant job growth<sup>19</sup>. We stated the proposed redevelopments, which involve density uplift, provide opportunities to secure planning gains, particularly on government sites, as affordable housing.

Regrettably we cannot report any significant improvement on the planning front this year. The NSW Government can point to the establishment of the Greater Sydney Commission, a new planning body that will sit between the state government and the newly-amalgamated councils<sup>20</sup>. It is tasked with developing district housing plans across the metropolitan region, but it is unclear what powers it will have and if it will set affordable housing targets. UrbanGrowth NSW, the NSW Government's redevelopment authority, is still yet to deliver its housing affordability strategy for the Central to Eveleigh Corridor, which could add up to 26,000 residents, or the Bays Precinct<sup>21</sup>.

The Planning Minister, The Hon. Rob Stokes MLC, is undertaking a smaller review of the Environmental Planning and Assessment Act 1979. While this review includes the section of the Act on affordable housing and the planning instrument SEPP 70, it is unclear if there is the political will to expand the scope of the existing provisions and impose inclusionary zoning or use value-capture mechanisms to provide funds for social and affordable housing.

Relative to other state jurisdictions, the NSW Government has the most dynamic approach to affordable housing initiatives and the best-developed community housing sector. However, with the lowest levels of housing affordability, it needs to do much better.

While there are many initiatives, there is no clear overall strategy across government as to how to grapple with the supply of social and affordable housing and the role of the community housing sector. Future Directions, which it has been promising since 2011, is a start but there is little evidence of coordination between central agencies such as the NSW Department of Premier and Cabinet, Treasury, Department of Planning or FACS / LAHC. To a large extent policies are captive to the logic and interests of their line departments – for example, the LAHC is not interested in seeing FACS relinquish its control of social housing or advocate for title transfer to community housing providers. Future Directions and SAHF, while welcome and important initiatives, are a drop in the ocean of existing and future housing needs for low-and-moderate income households.

In regards to the growth of the community housing sector, Future Directions provides a path to growing our share of social housing, assuming that the 35



per cent target is approved by the NSW Cabinet, but there is no clear industry development strategy to articulate the role and function of community housing providers. For example, we would like to know what governance arrangement will be put in place to ensure there is system wide-planning when providers control 35 per cent of social housing properties. A business-as-usual approach to governance or policy development will no longer be adequate or sufficient to deliver a sustainable supply of social and affordable housing.

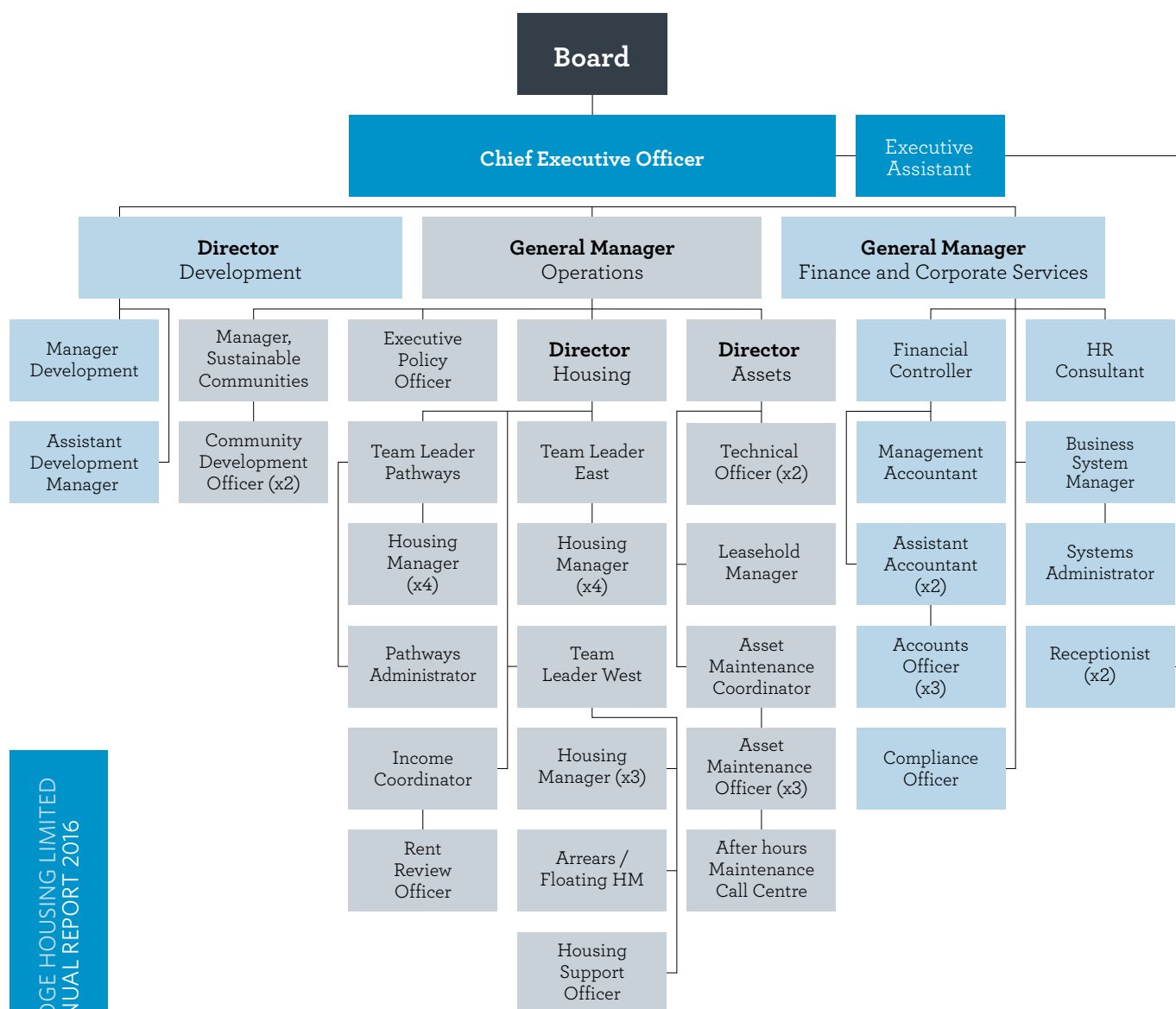
<sup>19</sup> Plan for Growing Sydney [www.planning.nsw.gov.au/Plans-for-Your-Area/Sydney/A-Plan-for-Growing-Sydney](http://www.planning.nsw.gov.au/Plans-for-Your-Area/Sydney/A-Plan-for-Growing-Sydney)

<sup>20</sup> Under the NSW Government's local government reform through its Fit for the Future Strategy it proposes to reduce the number of Councils in Greater Sydney from 43 to 25 and in regional NSW from 109 to 87. See [www.fitforthefuture.nsw.gov.au](http://www.fitforthefuture.nsw.gov.au)

<sup>21</sup> UrbanGrowth NSW is the NSW Government's urban transformation agency, responsible for leading the redevelopment of the Bays Precinct and the Central to Eveleigh [www.urbangrowth.nsw.gov.au](http://www.urbangrowth.nsw.gov.au).

# How We Operate

Each division of Bridge Housing has primary responsibility and ownership of particular critical success factors. However, our divisions must work together to fulfil our strategic plan and business plan. Meet our Directors on page 40. Meet our executive team on page 42. See Our Performance on page 18 for a description of how we met our Business Plan 2015-16 critical success factors.





Michele - Team Leader Housing - talking to attendees at the launch of Hand Up

# Our Board of Directors

The Bridge Housing Board is a skills-based board. Directors are chosen based on their expertise in one or more areas: social housing management, finance, community welfare, property development and procurement, law, social policy development, information technology and HR management. The Board is responsible for establishing our strategy and managing risks. All Directors are independent non-executive Directors, which means they are independent of management.

On 15 December 2015, Vicki Allen resigned from the Board as both Chairman and Director. Vicki had served for eight years. On 26 April 2016, Alan Revell resigned from the board after four years of service. The Board and Management of Bridge Housing would like to thank Vicki and Alan for their many years of service and wish them well for their future.

Following a rigorous selection process Graham Monk was Selected to fill the casual vacancy created by Alan's departure. Graham's appointment will be submitted for ratification at the annual general meeting in November 2016.



**Mark Turner**, BSc  
MRICS, GAICD

Chairman  
Director since 2014  
Elected chair December 2015

**Skill area:** property development, finance, real estate

**Member:** Asset and Procurement Committee

Mark has more than 30 years' experience in real estate funds management in Australia, the UK and Asia. Mark has held senior executive roles, including the head of funds management at DEXUS Property Group, fund and asset management roles at Lend Lease and GPT, and chairman of an Asian property investment company. Mark is currently an executive director at EG Funds Management in Sydney. He graduated

from the University of Portsmouth UK with a Bachelor of Science in Urban Land Administration, is a member of the RICS and a licensed real estate agent in NSW. Mark was elected chairman in December 2015, following the resignation of Vicki Allen.



**Dick Persson** AM, BA,  
FAIM, FAPI

Director since 2009

**Skill area:** Housing policy; planning and local government; capital works procurement; management and government administration

**Chair:** Human Resources, Nominations and Marketing Committee

Dick is an experienced senior public servant, and is currently administrator for the newly-formed Northern

Beaches Council. He has held director general positions in Queensland and NSW (in 1989 and 2003 respectively) including for the Queensland Department of Housing, Local Government and Planning; the Queensland Department of Health; and the NSW Department of Public Works and Services. Dick was Director of the 1997-98 National Housing Policy Review for the Federal Government, and he recently completed a three-year term as Chairman of the Sydney Harbour Foreshore Authority.



**Shirley Liew**, BBus,  
MBA, Grad Dip Appl  
Finance, FCPA, FTIA,  
MIIA, FAICD

Director since 2009

**Skill area:** Finance and risk management

**Chair:** Finance Risk and Audit Committee

Shirley is a professional non-executive director with several board directorships and chairs various risk, finance and audit committees. She is also owns various business interests, while leading Shirley Liew Probus Advisory Services Pty Ltd, a consulting and financial management advisory firm she co-founded in 2011. She has more than 25 years experience in finance, assurance, risk and business advisory, and held practice-led partner roles in major chartered accountancy firms. Her current director roles include director and chair of the Audit Committee of Lantern Hotels Group Limited, Hunter United Employees Credit Union Limited and independent audit member of Nepean Blue Mountains Local Health District and NSW Trains.





**Carolyn Scobie,**  
BA LLB, Grad Dip  
CSP, MA (Japanese),  
GAICD

Director since 2015

**Skill area:** Legal

**Member:** Human  
Resources,  
Nominations and  
Marketing Committee

Carolyn has 25 years of legal experience in corporate and commercial property and is responsible for all aspects of legal risk management for QBE. She was previously with the Goodman Group, an integrated commercial and industrial property group. Prior to Goodman, Carolyn spent three years in the legal profession and six years as in-house counsel with the Japanese construction company, Kumagai Australia Group. Carolyn is a member of the Governance Institute of Australia and a graduate of the Australian Institute of Company Directors.

Gary has retired from a 40-year career as a professional engineer in the NSW Government, where he helped manage the state's buildings and infrastructure in diverse roles encompassing policy, planning, evaluation, design, procurement and construction management. He is a trained company director with experience on the boards of several community organisations.



**Graham Monk,**  
BComm (Hons), FCPA,  
MAICD

Director since 2016

**Skill Area:** Finance,  
Real Estate and Funds  
Management

**Member:** Finance Risk  
and Audit Committee

Graham has extensive financial and commercial experience, having worked for CSR, Lend Lease, Lion Nathan, and Investa Property Group. He now works as a consultant and professional director, advising Investa and Westpac, and sitting on the boards of Tenix Group, 151 Property Core Plus Management and Arcadia Funds Management. Graham was appointed director in April 2016



**Helen Wood,** BSc  
(Hons) Psychology,  
MRICS, MAHI

Director since 2002

**Skill area:** Social  
housing from the  
perspective of a  
provider; property  
development

**Member:** Asset  
and Procurement  
Committee

Helen is a chartered surveyor with 35 years experience as a property professional, specialising in social, affordable and aged housing development and operations in the UK and NSW. She was formerly CEO of a charitable housing association in Central London. Helen has considerable experience in partnerships between the not-for-profit sector and the private sector and until early 2013 was Manager of Capital Investment at UnitingCare Ageing, overseeing its billion-dollar property development program. She is currently Director of Independent Living at UnitingCare Ageing NSW and ACT.

**Skill area:** Corporate and project funding, management and governance; property finance and structuring; property development; acquisitions, asset and portfolio management.

Alan has more than 40 years senior management and board experience in the corporate and property industries. He is a professional non-executive director, is pre-qualified as a NSW Government independent chair and member of audit and risk committees and was inaugural chair of a NSW Government-sponsored property entity. He is principal and chair of a property and corporate advisory consultancy. Alan was founder, managing director and chairman of the management companies of a publicly listed real estate investment trust; was managing director of Lend Lease Investments managing all that company's commercial property in Australia, a director of various other Lend Lease subsidiaries and a director of the General Property Trust (GPT). Previously he was General Manager of Westfield shopping centres, responsible for the management of all that company's Australian assets. A qualified accountant and company secretary, Alan is a graduate of the Harvard School of Business Administration, International Senior Management Program and of the Australian Institute of Company Directors. Alan resigned from the Board in April 2016.



**Vicki Allen,** BBus,  
MBA, DFP, FAICD

Chairman  
Director since 2007  
Chair since 2009  
Resigned December  
2015

**Skill area:** Human  
resources

Vicki is an experienced non-executive director and consultant. Her long executive career, primarily in the property and financial services sectors, includes senior roles with companies such as The Trust Company, MLC Limited and Lend Lease Corporation. Vicki is an independent non-executive director of MTAA Superannuation Fund, Deputy Chairman of Mirvac Funds Management Limited and a non-executive director of a number of subsidiary entities of BT Financial Group. She holds an MBA from The University of Melbourne as well as a Bachelor of Business from University of Technology Sydney, and is a Fellow of the Australian Institute of Company Directors. Vicki resigned from her position as chairwoman and as a director in December 2015.



**Gary Milligan** BSc,  
BEng (Electrical)  
(Hons 1), Grad Cert  
Human Resource  
Development, MIVMA

Director since 2007

**Skill area:** Asset  
management

**Chair:** Asset and  
Procurement  
Committee



**Alan Revell,** MBA  
(Sydney), FCPA,  
FAICD, FCIS, FGIA,  
FAIM, FAPI, SMP  
(Harvard)

Director 2012 to 2016  
Resigned April 2016



# Our Executive Team

The executive is responsible to the Bridge Housing Board of Directors through the CEO and is charged with delivering Bridge Housing's strategic plan and business plan objectives. Bridge Housing's executive is an experienced and dedicated team of professionals that bring a wealth of experience from the private, public and not-for-profit sectors. The combined experience of the executive team covers property and tenancy management, community welfare, finance, property development, public policy, HR management, information technology management and compliance.



The Senior Executive Team pictured left to right: David Miller, Christopher Dib, Rebecca Pinkstone, John Nicolades

**John Nicolades**, BA, BSW,  
GradDipAppFin

Chief Executive Officer

John has led Bridge Housing Limited since 2006, growing the organisation from 650 to 1,767 properties. As CEO, he guides the company's strategic focus.

Prior to joining Bridge Housing, John held senior positions in the NSW Government and the community services sector.

John led affordable housing policy development in the NSW Department of Planning and NSW Housing from 2000-05. From 1990-99 he was Community Services Manager with the Uniting Church Board for Social Responsibility.

He has also advised federal and state governments on housing policy.

**Rebecca Pinkstone**, BA, MPS

General Manager, Operations

Rebecca joined Bridge Housing in June 2013. Promoted in April 2015 to General Manager, Operations, Rebecca is responsible for Bridge Housing's applicant, tenancy management and fee-for-service functions as well as our community and tenant engagement initiatives, supported housing programs and asset management operations.

Rebecca has held senior positions in FACS and has strong experience in delivering affordable housing initiatives, having been active in the NSW Government's Property Transfer Program and the Nation Building Economic Stimulus Program. She also led the delivery of the \$397 million National

Partnership Agreement on Remote Indigenous Housing, and played leading roles in significant service delivery reforms. This includes the development of Housing Pathways and new programs for homeless people and women escaping domestic violence, and programs to encourage tenancy sustainability.

**David Miller**, BBus, MBA (CPA), GAICD

General Manager, Finance and Corporate Services

David was appointed General Manager, Finance and Corporate Services in October 2012. He is responsible for Bridge Housing's financial management, reporting and compliance, as well as developing and managing IT systems, best-practice HR management, and risk and compliance frameworks.

David is a Certified Practising Accountant and has extensive senior financial, IT and general management experience. He has worked in the property industry for the past 25 years, for large private and public companies including Jones Lang LaSalle, Investa Property Group and Clarendon Homes.

These roles have provided David with experience across the commercial real estate, property management, property development and residential construction sectors. David has had financial responsibility for budgets of more than \$100 million and has extensive experience in developing and managing best-practice corporate services.

**Christopher Dib**, BComm  
(Land Economics), CPV

Director Development

Christopher was appointed Development Manager in April 2013 and promoted to Director, Development in September 2014. He is responsible for delivering Bridge Housing's development projects - most recently Bunya, Ashfield and Parramatta, and sourcing new development opportunities.

Christopher is a registered property valuer and an Associate of the Australian Property Institute with considerable property development experience. He previously worked for AV Jennings, where he undertook various developments valued at more than \$100 million. More recently, Christopher worked for LAHC, acquiring and developing 130 social housing properties valued at around \$25 million.

Christopher was also responsible for the Boarding House program for Ageing, Disability and Home Care.

# Spotlight 3:

## The Community Team

The Bridge Housing Community Team works with residents to implement a range of initiatives designed to improve wellbeing and strengthen a sense of community.

A day in the life of a community team member is exciting and varied. We work across the whole organisation and with tenants from all walks of life. A typical day might involve organising the program for an art exhibition while checking that our translations for an invitation have gone through; talking to tenants about the impact of a particular project on their life or scoping a community garden site with tenants at their block; figuring out a way to hear young tenants' views on services and getting feedback from the Tenants Advisory Group; analysing data from one of our surveys, or running a workshop on good neighbourly relations. We talk, plan, involve, research, write and celebrate with our colleagues, tenants and other community organisations.



Community Team, from left to right: Rosie, Ha and Francesca

The Team is led by Francesca Cathie, the Sustainable Communities Manager, who works on policy and project development, project leadership, and event development. Prior to joining Bridge Housing, Francesca worked for over 20 years in community and cultural development in the government, the arts sector and specialist homelessness services. She has a Bachelors Degree in Theatre, Theory and Practice from the University of Western Sydney.

Francesca says: *"Whatever I have done throughout my working career it has always been about working with community strengths - I love my work with the tenants and their families - and being part of an organisation that is true to their values".*

Ha Nguyen and Rosie Robinson are both new to the team, commencing in May and June 2016 respectively. Ha and Rosie are responsible for working with tenants and assisting Francesca to implement a number of projects and initiatives under *Building Bridges*.

Before joining Bridge Housing, Ha worked for many years as a project manager in community development and training in

Vietnam. On moving to Australia, she worked as a bilingual support assistant, assisting new migrants learning English. Ha has a Masters of Business Administration from the Asian Institute of Technology, Thailand. Ha says, *"As a new starter at Bridge Housing, I've received amazing support from managers and colleagues. I really enjoy the participatory approach, which has been integrated in the way we work together and with tenants!"*

Rosie has worked in a number of administration roles and is currently completing her Certificate IV in Youth Work at TAFE. Rosie prides herself on providing good customer service, building strong relationships and enabling tenants and their families to access opportunities.

The team is responsible for leading the implementation of Building Bridges - Bridge Housing's Community Building and Engagement Strategy. Building Bridges includes a three-year Community Action Plan, developed in collaboration with tenants, household members, and our service partners.

The team is focused on working with tenants and communities to implement a range of new initiatives developed under the plan, aimed at the following key areas:

1. supporting successful tenancies
2. making sure that tenants have a real say in the way we do things
3. increasing access to opportunities
4. strengthening neighbourhoods and community connections.

The strength of the Building Bridges Strategy and the work of the Team has been recognised in the industry. In 2015, Bridge Housing was awarded the Excellence in Community Engagement Award at the NSW Awards for Excellence in Community Housing and in the same year won the Leading Tenant Engagement Practice Award for Professional Excellence in Housing at the Australasian Housing Institute Awards for Professional Excellence in Housing.



# Our People

The passion and commitment of our staff is the key to driving our success. By attracting, developing and retaining talented employees, we can better deliver our vision and mission. Through a combination of their diverse skills, capabilities and experience across our business areas, our employees ensure Bridge Housing continues to provide high-quality services to our applicants and residents, and enable us to strive for greater success.



Ariana, Receptionist, assisting with a tenant enquiry

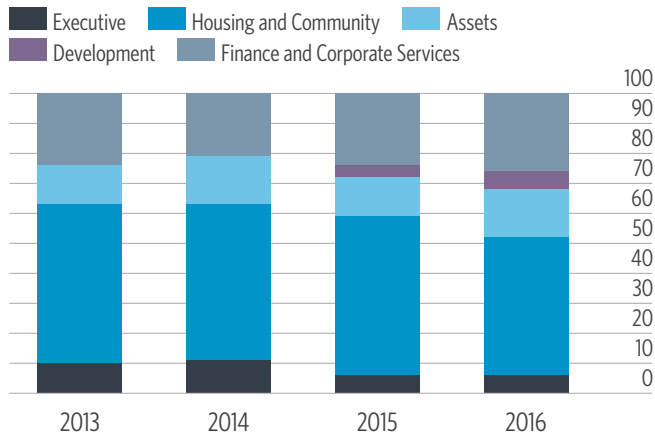
In 2015-16, Bridge Housing continued to build on the platform laid in the strategic planning period of 2012-15, when we systematically implemented a Human Resource Improvement Program. This year we report on:

- our changing staff profile as new staff are brought on board to ensure we have the right skills across our growing company
- the results of our fifth consecutive employee opinion survey, which in part reflect the challenges of providing opportunities for staff in what is still a small company
- changes to our performance management system, with a focus on staff capabilities and career planning to balance the training and development needs of staff and the company
- refreshing our Total Rewards Program, which sets out the salary and benefits available to Bridge Housing employees. Significantly, Bridge Housing continues to pay over-award salaries, which places us in the top 25 per cent of larger Tier 1 and 2 community housing providers in Australia
- our Health and Wellbeing Program this year extended our volunteer day program as we focused on using this to help build cross-unit cooperation
- we extended our Equity and Diversity Program through seeking White Ribbon Accreditation to bring to the foreground the impact of domestic violence against women in the workplace and on service delivery.



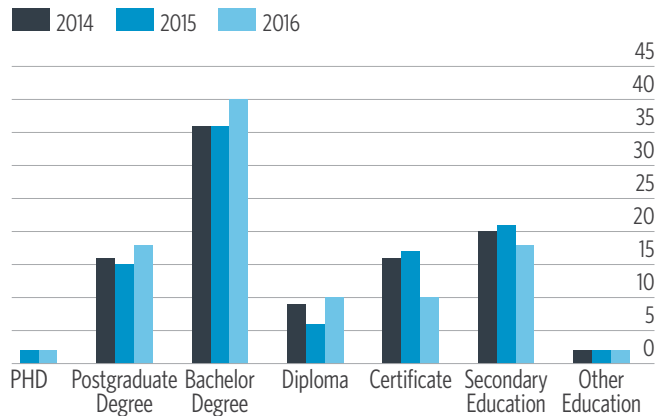
## Departments

Employee (percentage), 2013-16



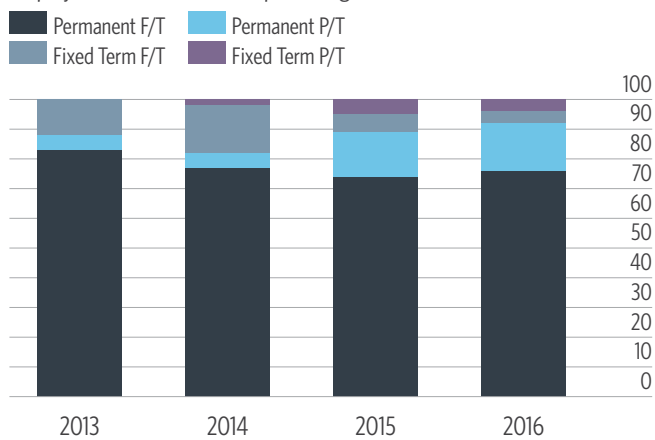
## Education

Level achieved (percentage), 2014-16



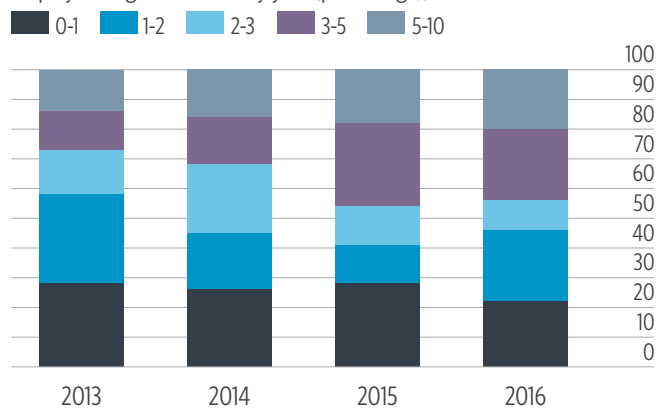
## Employee status

Employee contractual status (percentage), 2013-16



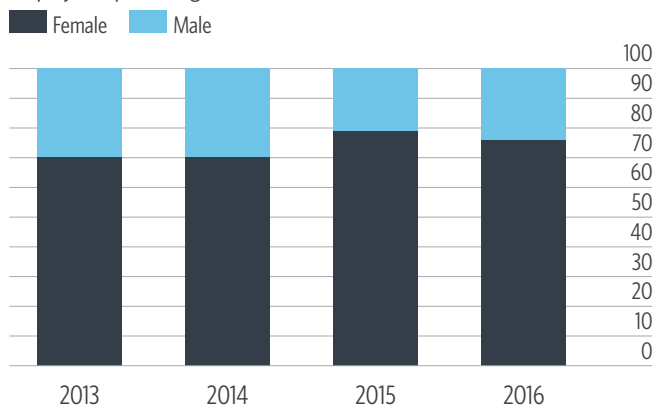
## Tenure

Employee length of service by year (percentage), 2013-16



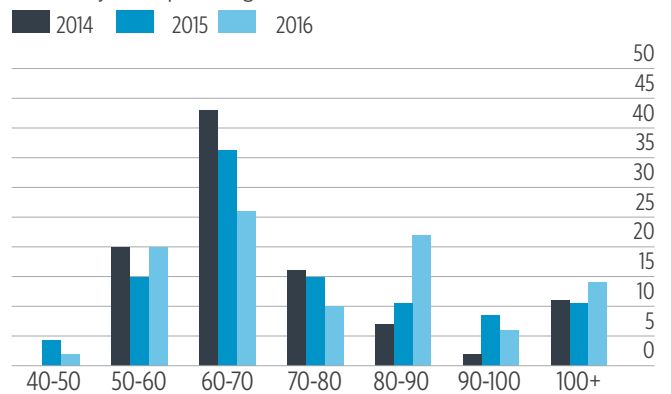
## Gender

Employees (percentage), 2013-16



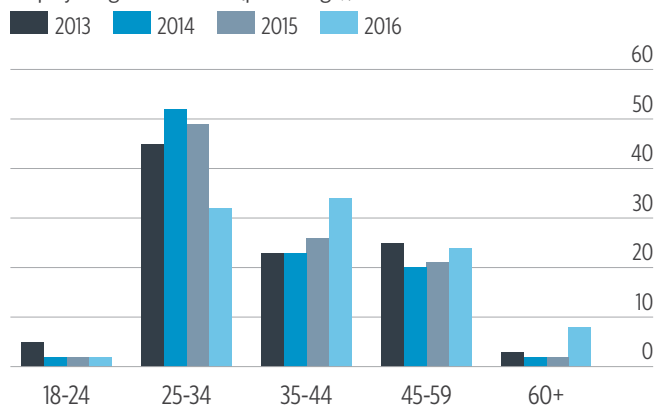
## Salary band

Staff salary band (percentage), 2014-2016



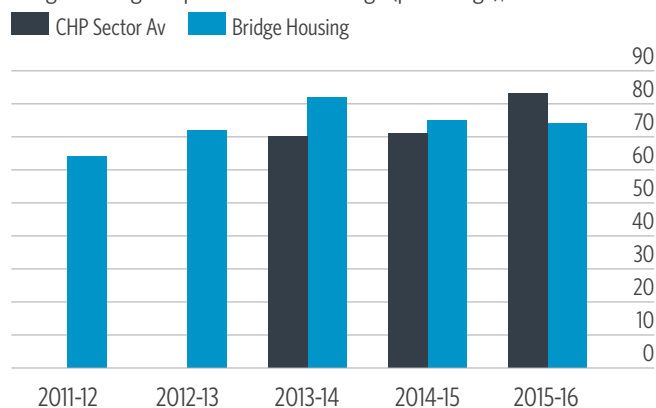
## Employee age

Employee age distribution (percentage), 2013-16



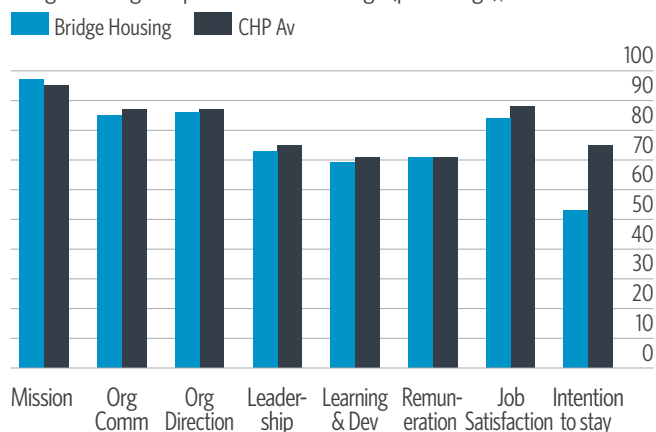
## Employee engagement

Bridge Housing compared to sector average (percentage), 2012-16



## Employee opinion survey

Bridge Housing compared to sector average (percentage), 2016



## Staff Profile

As at 30 June 2016, the Bridge Housing staff complement was 46 FTE. Our staff members operate from our head office in Redfern, across three service areas:

- Operations (Housing and Asset services)
- Development Services
- Finance and Corporate Services.

The increase in staff numbers reflect Bridge Housing's growing operations across all parts of the business. During the year we also expanded the capability of the organisation through the appointment of people to a number of new roles, including:

- Assistant Development Manager
- Compliance Officer
- Supported Housing Manager
- Executive Policy Officer
- Specialist Arrears Management
- an additional Asset Technical Officer

These specialist roles add to the depth and skills of the organisation as we prepare for future growth.

Our leadership development program, undertaken since 2014, is also starting to provide returns. Two vacant team leader positions were filled with internal candidates.

Our executive team remained stable throughout the year, with the exception of our Director of Assets leaving to take up a contract at LAHC in May 2016. It is pleasing to note that our succession and development program enabled a staff member to act in this role during the recruitment process. We were able to attract interest in the role from 24 very qualified and experienced candidates, with a new director appointed in June 2016.

## Employee Opinion Survey

In 2015-16, we conducted our fifth Employee Opinion Survey (EOS)<sup>22</sup>. We received a 100 per cent response rate and achieved 74 per cent employee engagement, slightly down from 75 per cent last year. The 2015-16 engagement score was slightly below the sector average.

Whilst the headline engagement score remained relatively stable, there were increases in most areas measured in the survey. We are particularly pleased to note significant improvements in

the areas we focused on specific action plans after last year's survey:

- cross-unit cooperation from 36 to 61 per cent
- risk management from 40 to 75 per cent
- grievance-handling from 65 to 84 per cent
- safety from 64 to 81 per cent
- recruitment and selection from 48 to 62 per cent.

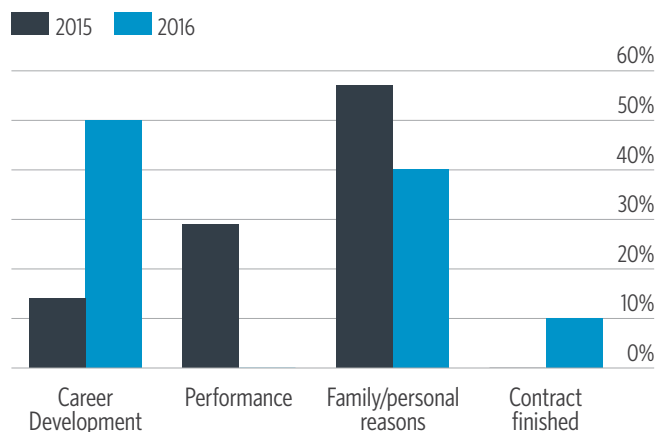
We continue to score very strongly in other key organisational measures: organisational commitment 85 per cent (last year 86 per cent); job satisfaction 84 per cent (last year 81 per cent) and mission and values 97 per cent (last year 93 per cent).

Further analysis identified that the overall engagement score is being held back by a relatively low intention-to-stay score. This has been examined with staff through planning workshops and there are a number of drivers that are contributing to this result, including:

- lack of available positions to grow into
- lack of certainty about future organisational growth
- some uncertainty with job security as a result of staff being appointed into acting up roles.

<sup>22</sup> Bridge Housing contracted Voice Project in September 2011 to undertake its first Employee Opinion Survey (EOS). Voice Project is a research company at Macquarie University that specialises in employee opinion and engagement surveys. The company has conducted surveys of more than 1 million people across 3,000 organisations. In 2013-14, the VoiceProject and Blooming HR with the support of the NSW Housing Federation developed a survey specifically for the Community Housing sector. Since that time, 12 community housing organisations have completed the survey which provides us with a sector specific benchmark with which to compare our progress.

## Separation reasons (percentage) 2015 & 2016



A number of these organisational issues can only be addressed by the growth of the organisation. This is something that is clearly targeted through our 2016-18 Strategic Plan and 2016-17 Business Plan, in particular our Fit for Growth Plan which aims to place Bridge Housing in a good position to increase its portfolio through the Property Transfer Program.

A review and planning session will be held with all staff in August 2016 to report on the results and develop an action plan to address areas of concern. This is in addition to a number of initiatives already identified in the 2016-17 Business Plan that will directly address concerns identified through survey results, including

- ▶ various IT initiatives
- ▶ development of a long term accommodation/office plan
- ▶ focus on process and procedure improvement.

### Staff Turnover

In 2015-16, our staff turnover was 22 per cent, or ten of our 46 FTEs, up from 16 per cent in 2014-15. We believe that a certain level of staff turnover is healthy, as new employees bring fresh ideas, although the current turnover is slightly above our target range.

We undertake a comprehensive exit interview when a staff member leaves, which in addition to our EOS, provides additional information on our strengths and where we can improve. In 2015-16, of the ten staff who left Bridge Housing, half cited career development, which is consistent with our staff engagement results, with a further 40 per cent being for personal reasons such as family relocation. We also recognise that in some areas of the work, particularly housing management, the average employment period is about three years because of the demands of these face-to-face positions.

### Performance Management

In 2015-16, Bridge Housing continued to embed and implement our new online talent management system, Cognology.

Our talent management system is used to:

1. assess capability and develop individual development plans
2. request and track training
3. monitor progress and rate overall performance against individual and corporate KPI's
4. document individual career plans
5. document evidence, performance discussions and 121 meetings.

This transparent system is available on smart phone, tablet or PC.

Cognology is also used to provide induction training to onboard new employees and track their progress and performance through the probationary period. The induction process includes modules on preventing bullying and harassment, customer service and introduction to community housing, which are added to each new employee's probationary performance plan. Completion of these compliance modules, as well as assessment of the employee's behaviour against the corporate values, forms part of an employee's probation and underpins their successful transition to permanent employment. In addition, we provide new employees with shadowing opportunities across all the functional areas of Bridge Housing, so employees understand the totality of Bridge Housing operations.

Cognology also provides staff and managers with a reporting tool where we can look at capability strengths and weaknesses across the organisation, which helps with determining training needs at the individual and organisation level.

## Learning and Development

Learning and development continues to be a focus for Bridge Housing. Our commitment to learning and development and career opportunities helped Bridge Housing maintain employee satisfaction scores in this area at its highest level since the commencement of our employee opinion survey.

During 2015–16 we offered nine people (18 per cent of our workforce) the opportunity for promotion, higher duties or acting up. Offering these opportunities supports our growth plans and also prepares people for succession, significantly reducing our risk.

Bridge Housing continued to offer face-to-face, eLearning and on the job training.

Each year Bridge Housing develops a targeted training calendar that is derived from the individual capability assessments and development plans that each staff member completes in the online talent management system.

2015–16 saw us undertake the following training and development:

<b>Executive</b>	<ul style="list-style-type: none"> <li>General Managers attended Company Directors Course</li> <li>CEO attended Leading for Strategic Success at the Melbourne Business School</li> </ul>
<b>Housing and community</b>	<ul style="list-style-type: none"> <li>Applications and Allocations</li> <li>Mixed Tenure Housing Seminar</li> <li>Complex Needs and face-to-face delivery</li> <li>Strengthening Workplace Communication</li> <li>Neighbourhood Masterclass</li> <li>Partnerships Masterclass</li> <li>Change management</li> </ul>
<b>Assets</b>	<ul style="list-style-type: none"> <li>Residential Tenancy Act</li> <li>Work Health &amp; Safety Training</li> <li>Assets Forum</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>Finance for Non Finance Managers</li> </ul>
<b>Cross-organisation</b>	<ul style="list-style-type: none"> <li>Demystifying Asset Management</li> <li>Respectful Workplaces Training</li> <li>Business Writing Skills and Advanced Writing Skills</li> <li>Leadership Program</li> <li>Bullying and Harassment (on commencement)</li> </ul>
<b>Conferences</b>	<ul style="list-style-type: none"> <li>Planning Issues Update</li> <li>NSW Residential Conference</li> </ul>

## Total Rewards Program

We launched our annual Total Rewards Program to introduce new staff members to the program and also introduced a weekly 'benefit of the week' communication email to ensure that all staff members are aware of what is available to them through the program, which includes:

1. a day off for your birthday
2. flexible working arrangements
3. study assistance
4. discount food and coffee from local retailers
5. salary packaging
6. recognition awards
7. gym discounts
8. weekly delivery of fresh fruit
9. annual flu shots and skin checks
10. paid parental leave (above the government scheme).

Our employee satisfaction with our Total Rewards Program continues to be high at 91 per cent, which is 11 per cent above the industry benchmark.

## Health and Wellbeing Program

Our 2015–16 Health and Wellbeing program was aligned and adjusted based on the demographic and needs of our business.

Our Wellbeing program included a focus on building resilience, improving internal relationships and cross department communication. We introduced cross department volunteering days. Each staff member is given an additional days leave and can choose to volunteer at one of the following organisations:

1. RSPCA (animals)
2. Ronald McDonald House (working with children)
3. Exodus Foundation (working with homeless or in the soup kitchen).

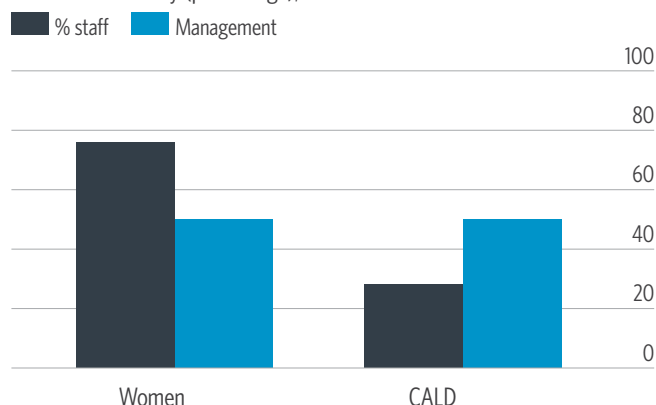
We also extended our health program by introducing reflexology with our program which offers monthly seated massages. For those wanting to get fit and raise money for charity we held an eight-week training program for staff and paid their entry to the annual Blackmores Bridge Run in September 2015. Twenty-four members of our staff ran and raised \$4,170 for Weave Youth and Community.

All these events and programs aligned with our HR strategies to build cross-unit cooperation and improve team cohesiveness. The results were clearly measurable through our survey with these categories increasing from 36 per cent to 61 per cent in cross-unit cooperation, and teamwork from 85 per cent to 90 per cent.

Our Employee Assistance Program was used by nine staff members through both face-to-face and telephone support.

## Diversity

Workforce diversity (percentage), 2015-16



## Equity and Diversity

Bridge Housing is committed to employment equity and diversity. In 2012-13, we formalised this commitment by approving a new Diversity Policy.

Our policy states that we are committed to workplace diversity, we value and respect our differences, and our workplace is fair, accessible, flexible, inclusive and free from discrimination and harassment. By drawing on a wide range of points of view, we can work to our full potential in achieving our business goals.

Women make up 76 per cent of our employees, consistent with the gender balance in the health and community services sector. We met or exceeded our target for diversity in management, with 50 per cent of the senior management team positions held by women. In the Senior Executive Team, women comprise 25 per cent.

As at 30 June 2016, we continue to exceed the gender targets established in our Diversity Policy. Consistent with best practice we have committed to no fewer than 40 per cent of board positions being held by either gender – currently 43 per cent of Bridge Housing Board positions are held by women.

We embrace a culturally diverse workforce, which reflects the breadth of diversity of our applicants and tenants. Our staff members variously speak

Arabic, Cantonese, French, Greek, Mandarin, Portuguese, Spanish and Tagalog and we have budgeted to employ an Indigenous-identified Housing Manager in 2016-17.

## White Ribbon Accreditation

In 2015-16 Bridge Housing commenced the journey to be an accredited White Ribbon Workplace. This program is being sponsored by our CEO and it will be embedded throughout our people strategy in a number of its elements including:

1. training and development – all staff will receive training in regards to identifying and responding to violence against women
2. we will adjust and re write HR policies to include our response to violence against women
3. we will volunteer at a White Ribbon event on White Ribbon day
4. we have signed the pledge and have branded our email signatures, webpage and intranet with White Ribbon logo
5. we will work with our suppliers and customers to ensure they are educated to identify and respond to violence against women.

We will join the growing list of accredited organisations by 2017.

## Our People Strategy

During 2015-16 we developed a three-year people strategy to support the delivery of our 2015-18 Strategic Plan. The following are the key strategic objectives:

1. plan – Align the structure and capability for our staff to deliver current and future business goals
2. source – Attract and retain the best people who are engaged and deliver high performance outcomes for the organisation
3. perform – Drive performance by aligning the business goals to individuals and managing misalignment
4. develop – Develop skill and capability to enhance outcomes for the organisation, its people and its stakeholders
5. reward – Drive employee engagement and performance through fair and leading edge reward and recognition programs
6. measure – To ensure the HR strategies and programs are delivering the desired results and outcomes.



# Our Governance

Our Governance Principles are based on the eight ASX Corporate Governance Principles and Recommendations. We measure Bridge Housing's governance practices against the third edition, issued by the ASX Corporate Governance Council in 2014.

## Governance Principles

The Corporate Governance Principles ensure our directors address their corporate, legal, and financial and audit responsibilities and exercise reasonable care, skills and diligence in carrying out their duties. As a not-for-profit charity, Bridge Housing has no obligation to adopt these principles. However, as a leading community housing provider, we voluntarily follow the principles to reflect our commitment to good corporate governance.

Bridge Housing's actions in conforming to the aims of the ASX Corporate Governance Principles and Recommendations are detailed below.

### 1. Lay solid foundations for management and oversight

Bridge Housing's directors are aware of their responsibilities under federal and state legislation, and ensure Bridge Housing abides by its Constitution and its obligations as a trading entity, an employer, a contractor and a responsible and ethical corporate citizen.

### The role of the Board

The Board's primary responsibilities are to:

- establish long-term goals and approve strategic plans to achieve those goals
- ensure the appropriate separation of authorities and balance of responsibilities between the Board and management
- select and retain the CEO and set the conditions of service and monitoring performance
- review and approve annual budgets, monitor management and financial performance, and ensure that the organisation has the necessary skills, resources and support
- identify significant business risks and ensure effective strategies are in place to manage these risks
- ensure that there are adequate systems of internal control, together with appropriate monitoring of compliance activities
- review and approve major strategies, financial objectives and plans, including capital expenditures, acquisitions, developments and divestments
- remunerate fairly and responsibly.



Dick Persson responding to a question from a tenant at the 2015 AGM

## Board meetings and committees

The Board meets every second month and has established three standing committees – the Finance, Risk and Audit Committee; the Asset and Procurement Committee; and the Human Resources, Nominations and Marketing Committee – to help it consider and make decisions about operational matters. From time to time it may establish time-limited committees.

### How we do this

Bridge Housing directors regularly review their own performance. The directors approved a Deed of Access and Indemnity at the October 2013 Board meeting for all directors and senior managers of Bridge Housing.

To assist new and existing directors, we established a Board Charter in December 2011. This augments the Bridge Housing Governance Principles by setting out the role, responsibilities, structure and processes of the Board. It also details the support that will be provided to directors, including an annual training budget of \$2,000 per director. All directors are encouraged to undertake the Company Directors Course run by the Australian Institute of Company Directors (AICD) within the first year of their directorship.

### What we did this year

Our only new director, Graham Monk, had completed the AICD course prior to his appointment as a director so there were no actions this year.

## 2. Structure the Board to add value

The Bridge Housing board is skills-based. The board chooses directors who have

expertise in one or more of the following areas: social housing management, finance, community welfare, property development and procurement, law, social policy development, accounting, asset management, information and technology, and HR management.

To provide effective governance and direction to Bridge Housing, the Board will seek and appoint directors who meet the skill categories, and who, between them, can reliably carry out all the necessary functions of the Board.

### How we do this

We regularly assess the skills held by Board members to identify gaps or areas that need enhancement to support our strategic plan and business plan objectives. We also advertise to get the best-qualified director for the position. Information about the skills, experience and expertise of directors and executives is available at [www.bridgehousing.org.au](http://www.bridgehousing.org.au).

The Bridge Housing Board approved and introduced the Bridge Housing Board Charter and Director Induction Program in 2011-12 to provide more comprehensive advice on the terms and conditions of appointment, procedures for taking independent advice, and access to training programs to maintain director effectiveness. The Induction Program provides access to Bridge Housing's operations through structured meetings with general managers and site visits, which enable directors to gain a deep understanding of Bridge Housing's business.

In July 2010, the ASX Corporate Governance Principles and Recommendations adopted diversity-related amendments. These included the recommendation that listed companies adopt a diversity policy that sets measurable

objectives for achieving gender diversity. Companies must report annually on their achievement against those objectives and on the proportion of women employed by the organisation, in senior management roles and on the board of directors.

The Bridge Housing Board determined that diversity on the board and within the organisation is critical to effective governance and good organisational practice, as it encourages alternative views.

In December 2012, we approved a Diversity Policy that applies to the Board and company. The Diversity Policy calls for at least 40 per cent of directors to be of either gender. As at June 2016, 43 per cent of directors were female. However, we recognise that diversity goes beyond gender and incorporates culture. We had hoped to establish a Bridge Housing Diversity Council in 2015-16, chaired by the CEO, to help drive a comprehensive company Diversity Strategy. This has been delayed and the council will now be formed in 2016-17. Bridge Housing will call on its experience as a member of the Diversity Council of Australia to help develop this strategy.

### What we did this year

With the resignations of Vicki Allen and Alan Revell from the Board, we searched for a replacement director. We used the skills matrix to confirm that the financial expertise that would be lost with Alan's departure would be a key consideration in selecting a replacement. The Board interviewed four candidates and appointed Graham Monk in line with the casual vacancy provision in the Bridge Housing Constitution. See Our Directors on page 40 for details of Graham's experience.

### 3. Promote ethical and responsible decision making

The Board ensures that Bridge Housing conducts its business to the highest standards of honesty, integrity, respect and fairness when dealing with customers and employees. It adheres to the highest ethical principles, which are expressed in the following policies and documents:

- ▶ Code of Conduct for Directors
- ▶ Code of Ethics for Directors and Staff
- ▶ Fraud and Corruption Policy
- ▶ Gift Policy
- ▶ Managing Conflict of Interest Policy
- ▶ Register of Interests
- ▶ Statement of Business Ethics
- ▶ Tenants' Rights Statement
- ▶ Whistle Blower Policy.

#### How we do this

Bridge Housing adopted a new set of values in 2011-12 that provided the framework for the culture and behaviours required of our directors and staff. These values are listed on page 3. The Statement of Business Ethics sets out the standards of behaviour required by those who do business with Bridge Housing, and guidelines for appropriate relationships between directors and employees and those we do business with. Our suite of ethics policies ensures that directors, the executive team and other staff members act to the highest ethical standards.

To enhance our Whistle Blower Policy, we renewed the online reporting portal with On Call to enable Bridge Housing employees, vendors, suppliers and customers to report fraudulent activity. No reports have been made on Bridge Housing's activities in the two years this facility has been available. More details are available at [www.bridgehousing.org.au](http://www.bridgehousing.org.au).

#### What we did this year

During the year we implemented the improvements to our risk mitigation strategies that were identified during the 2015-16 Fraud and Corruption Risk Assessment.

### 4. Safeguard integrity in financial reporting

The Board ensures that Bridge Housing's financial statements present a true and fair view of the organisation's financial condition and operational results in all material respects and in accordance with international accounting standards.

#### How we do this

We have established a Finance, Risk and Audit Committee with a formal charter to:

- ▶ maintain an effective risk management framework, including compliance and internal controls
- ▶ ensure the integrity of financial statements and external financial communication
- ▶ ensure external and internal audit functions are effective
- ▶ ensure Bridge Housing's insurance coverage is adequate.

Management and the Board receive comprehensive financial reports that track our financial performance against comparative financial and operational key performance indicators (KPIs).

Our Five-Year Report Card, on page 86, measures our performance on critical KPIs. In 2012-13, we augmented the report card with additional commentary on our key financial viability measures to explain the importance of these key indicators to our stakeholders.

We protect the independence of our internal audit process by a direct reporting line to the chair of the Finance, Risk and Audit Committee, and to the Board. The 2015-16 internal audit focused on financial reporting, modelling, and budgeting and forecasting. The outcomes of the internal audit are detailed in the Finance and Corporate Services Report on page 76.

The Board believes that external auditor rotation is important to maintain objectivity and independence, and to adhere to the principles in the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 (also known as CLERP 9). BDO was appointed in November 2013 as our external financial auditor, and reappointed for the 2014-15 and 2015-16 financial years.

#### What we did this year

We tendered our Internal Audit Services during 2015-16, and subsequently appointed PFK to conduct our internal audits for the next three years.

### 5. Make timely and balanced disclosure

The Board will ensure that information is made available in a timely manner to Bridge Housing's stakeholders, clients, support agencies, regulatory and funding bodies, members and staff, and that the information is factual and clearly and objectively expressed.



ARA Awards - John Nicolades and Mark Turner receiving our fourth Gold Award from Tim Sheeny, ARA Chairman





Carolyn Scobie responding to a question from a tenant at the 2015 AGM

## How we do this

Bridge Housing is not subject to the ASX Continuous Disclosure rules but adopts the principles. We are committed to a culture of strong governance and transparency, and to being a leader in the not-for-profit and community housing sectors.

Our transparency and governance has been externally reviewed and validated through the PwC Transparency Awards, Australasian Reporting Awards and NSW Awards for Excellence in Community Housing<sup>23</sup>.

We are subject to the disclosure provisions of the National Regulatory System for Community Housing, specifically the Probity Performance requirement 5(d) of Performance Outcome 5 in its Evidence Guidelines. To maintain the reputation of the community housing sector, community housing providers are required to notify the primary registrar of any incident related to their

operations (and its response) that damages or has the potential to damage the reputation of the community housing sector.

Bridge Housing's Notifiable Incidents Policy guides our practice in this area. There were no notifiable incidents during 2015-16. Our Media Policy delegates media comments to the CEO or chairman.

## What we did this year

Bridge Housing received a Gold Award for its Annual Report 2015 in the Australasian Reporting Awards - the fourth year in a row that the Annual Report has achieved this distinction.

## 6. Respect the rights of Bridge Housing members

The Board will ensure that Bridge Housing has policies, systems and procedures that promote the interests and rights of members and allow them to effectively exercise those rights.

## How we do this

Bridge Housing has members but not shareholders. We hold our AGM in November and make our Annual Report available to our members and other stakeholders through our website or office.

As discussed under principle 5, securing transparency and reporting awards shows our commitment to providing information with enough detail to enable Bridge Housing to be held to account. The Chairman and the CEO report to members at the AGM, and directors are available to answer any questions.

Our external auditor attends our AGM and is available to answer members' questions about the finances of the organisation.

## What we did this year

There were no specific actions this year.

<sup>23</sup> PwC Transparency Awards ceased in 2013. Bridge Housing won the Best New First Time Entrant for our 2011 Annual Report. It was included in the Best Top 10 Report from 2010 to 2013.

## 7. Recognise and manage risk

The Board will ensure that Bridge Housing has comprehensive and sound risk management policies, systems and procedures that ensure good internal controls.

### How we do this

Our comprehensive Risk Management Plan identifies internal and external risks. It manages risks that may hinder us in or stop us from fulfilling our Strategic Plan and Business Plan objectives.

In 2012-13, we completed the transition to enterprise risk management framework AS/NZS ISO 31000:2009. The board formally approves the Risk Management Plan annually, with the status and mitigation actions of high-rated risks reported quarterly to the Board by the management team. The Risk Management Plan 2015-16 is outlined in the Finance and Corporate Services Report on page 76.

Bridge Housing developed a Treasury Policy in 2011-12 that provides a comprehensive framework to manage our financial risks and determines the Board's risk appetite. For example, given the borrowings required to deliver our property development program, the policy helps determine the appropriate cash reserve.

During the year, the board approved an internal audit program for 2015-2018.

## What we did this year

The increased development activity undertaken by Bridge Housing has prompted us to enhance risk management processes in that area. Each development has a Development Management Committee that oversees the progress on a monthly basis. Updates on each project are reported to the board at each meeting, and are discussed at the Assets and Procurement Committee meetings.

To further mitigate the risk associated with moving Bridge Housing further into the development arena, the board requested that the Development Management Committees be chaired by an independent expert in the field, to provide an additional level of expertise and a fresh perspective to the committee meetings. Tina Tang of Jattca Property Solutions has filled the role of independent chair since July 2015.

## 8. Remunerate fairly and responsibly

The Board will ensure that Bridge Housing's remuneration and employment policies and practices help retain and attract qualified and motivated staff, including the CEO.

### How we do this

Bridge Housing directors serve on a voluntary basis and do not receive payment for their services. Directors are reimbursed for expenses related to board activities including travel, meals and accommodation.

As noted in principle 1, the Bridge Housing Board Charter also allocates a training budget of \$2,000 per annum for each director and pays for board members to undertake the Company Directors Course, facilitated by the AICD.

Executive salaries are set via regular remuneration reviews that take into account salaries for comparable positions in the community service and government sectors.

In 2012-13, the Bridge Housing Board approved an improved remuneration and benefits package for award-based staff, placing Bridge Housing employees above the Social, Community, Home Care and Disability Services Industry Award.

## What we did this year

We conducted the scheduled external salary review for the senior executive team.

## Meeting of directors 2015-16

During the financial year, six board meetings were held in addition to committee meetings. In December 2015, Vicki Allen resigned from the board. In April 2016, Alan Revell resigned from the board, and Graham Monk was appointed as a replacement director, taking Alan's place on the Finance, Risk and Audit Committee.



Attendance by each director during the year is shown in the table below.

	Board meetings		Human Resources and Nominations Committee		Assets and Procurement Committee		Finance, Risk and Audit	
	A	B	A	B	A	B	A	B
Vicki Allen	2	2	3	3	X	X	X	X
Shirley Liew	6	4	X	X	X	X	6	6
Gary Milligan	6	6	X	X	6	6	X	X
Dick Persson, AM	6	6	6	5	X	X	X	X
Alan Revell	4	2	X	X	X	X	4	3
Carolyn Scobie	6	6	6	5	X	X	X	X
Mark Turner	6	6	X	X	6	5	X	X
Helen Wood	6	6	X	X	6	6	X	X
Graham Monk	2	2	X	X	X	X	2	2

A: Number of Meetings Eligible to Attend

B: Number of Meetings Attended

X: Not a Member of the Committee

Chair of meeting Eligible to attend



Guest speaker Professor Peter Phibbs at 2015 AGM

# Spotlight 4:

## Community building and tenant engagement at South Coogee Estate

*Building Bridges – Bridge Housing’s Community Building and Engagement Strategy* outlines our community building and tenant participation approach. We have a diverse property portfolio across 20 LGAs. We recognise that in areas where there are concentrations of social housing tenants, either in particular geographic locations or in multi-unit dwellings, a place-based approach works best to engage with tenants. Bridge Housing currently manages 98 properties across 13 blocks on the South Coogee estate that house 160 tenants. Some of these are mixed-management blocks including public housing tenants, where Bridge Housing has responsibility for the common area maintenance.

Since assuming management under the Property Transfer Program, we have been working with residents and local community organisations on a range of initiatives to improve amenity and enhance community cohesion.

Bridge Housing has an active program of block meetings that form a core element of our tenancy management approach. Block meetings give tenants the opportunity to meet their housing manager and their neighbours. They also assist to bring neighbours together to discuss and develop collective solutions to neighbourhood issues including waste management and parking, as well as collaborating on community gardens or grants projects. They are a great opportunity for Bridge Housing staff to meet with and involve hard-to-reach tenants and gain a deeper understanding of the tenant community.

Bridge Housing has also led the development of Stickybeak Tours, as a way of encouraging tenants to get to know the range of services available in their local community. Bridge Housing partnered with the local neighbourhood centre, FACS South East Sydney District, and several local services to organise two tours – one for parents and one for seniors.

Housing managers work to identify and engage socially isolated tenants to participate in the tours, which each take 25 tenants. There was a high level of satisfaction and ongoing benefit for tenants linked in to new services. As a result of these tours, FACS has identified a need for accessible community transport in the estates and has proposed a joint working group to address this issue.

In 2015, tenants from the South Coogee estate were invited to take part in a participatory budgeting process. Twenty local tenants attended the workshop and were given information about the funding available for common area improvements. Tenants were then provided with the opportunity to discuss the asset works they thought were needed and to prioritise those for action. Residents at the workshop prioritised the installation of bin bays followed by external fencing as key asset works to address amenity and waste management issues.

Bridge Housing worked with a *pro bono* architect firm, MAPA, to engage tenants in a design process, working in partnership with Randwick Council's waste management team. The final design meets the requirements

of the community, council and FACS, which owns the properties.

As a result of this work, five tenants have signed up to establish a community garden in their block, with support

from Bridge Housing and the Community Greening Project run by the Royal Botanic Gardens. Randwick Council has also agreed to run a waste education program in the estate to support waste management.



Tenants participating in the Our Space Green Space workshop

# Operations Report

The Operations team is Bridge Housing's major customer service team, combining responsibility for tenancy management services; allocations and accessing housing; asset management services; and leading Bridge Housing's community building and tenant engagement initiatives.

## This section of the Annual Report:

- presents the Operations team highlights for 2015-16
- reports on how the Operations team has delivered on its critical success factors
- provides an overview of the key activities undertaken during the year
- outlines our objectives for 2016-17.

## Highlights of 2015-16

In 2015-16, the Operations team:

- extended our partnership with Caretakers Cottage, a youth homelessness agency, by assuming property and tenancy management of 19 properties used to house homeless young people in Eastern Sydney
- extended our partnership with Sydney Olympic Park Authority (SOPA) with 24 affordable housing properties under management
- implemented Connect 100 Homeless Persons Initiative with 14 people housed and their tenancies sustained
- implemented a new head contractor model for repairs and maintenance services worth \$3.4m, which included

employment clauses to enhance employment outcomes for disadvantaged groups including tenants (see Spotlight 5 on page 68)

- reviewed and tendered for our new lawns, grounds and cleaning contracts
- improved our Customer Service Standards and developed an online Customer Service Guide
- implemented Year Two of our Building Bridges community building and engagement strategy
- launched Hand Up, a new innovative arrears management program
- established a new partnership with YWCA to support older women at our new Ashfield development (See Spotlight 2 on page 32)
- established a new Housing & Support Specialist role to drive our supported housing partnerships and sustain tenancies
- implemented a tenant communication survey with a 47 per cent response rate, to better target our communications
- achieved an overall satisfaction level of 90 per cent for our responsive maintenance services.

## Critical Success Factors

The Operations team played a key role in delivering the following critical success factors to meet our Strategic Plan 2015-18 and Business Plan 2015-16 goals.

## Enable strategic portfolio growth

The Operations team's job is to support strategic portfolio growth that delivers quality homes and services. They contribute to this objective by negotiating and

managing new fee-for-service arrangements for affordable housing and developing partnerships to grow our portfolio under management.

The team is also responsible for allocating properties in a timely manner and overseeing the large numbers of management transfers across our leasehold portfolio. These transfers are primarily driven by the constrained rental market and increases in rental prices.

## Deliver quality homes and services to our residents

Through our proactive tenancy and asset management we ensure our properties are safe and secure, and provide a platform for tenants to engage in their broader community.

## Ensure business sustainability

Operations also worked closely with Finance and Corporate Services to help achieve the critical success factor of 'ensuring business sustainability'.











They ensured the organisation's arrears, vacancies and voids were kept to a minimum to reduce revenue loss, and reviewed rents every six months to ensure our residents were paying the correct rent.

The introduction of a new position to manage complex tenancies with high arrears has had major benefits, with tenant debt levels dropping during the year from 1.9 per cent to 1.3 per cent and greater numbers of at-risk tenants receiving appropriate support services.

## Business Plan 2015-16










The Operations team played a key role in helping us meet the critical success factors laid out in our Business Plan 2015-16, as shown below.

**Key:**  completed  in progress  not completed

Measure		How did we do?
<b>Strategically grow the portfolio to meet affordable housing needs in the community</b>		
Transfer and tenant 19 SOPA properties		24 under management
Proactively identify fee-for-service opportunities		19 properties for young homeless young people under management in partnership with Caretakers Cottage
Review of NDIS to determine opportunities for affordable housing and service expansion		Implemented NDIS action plan for Bridge Housing
<b>Deliver quality homes and services to our residents</b>		
Implement Year 2 of the Building Bridges Strategy		60 per cent of projects completed and 40 per cent in progress and due for completion Q1 2016-17
Embed Customer Service Standards		Face-to-face training for new starters and online Customer Service Guide for staff
Implement the Good Neighbours Project to encourage positive neighbourhood relations		Two workshops delivered in Balmain and Granville, with 100 per cent of tenants satisfied or very satisfied with the workshop
Employment of disadvantaged groups including tenants through our new maintenance contracts		Clauses established in new repairs and maintenance head contracts and embedded in lawns, grounds and cleaning contract
Implement the Bridge Housing in Communities initiative to celebrate and strengthen our connections with residents and communities		Community events held for Anti-Poverty Week 2015, Harmony Day 2016, and NAIDOC Week 2016. Bridge Housing also supported the Redfern Waterloo Volunteer Awards, Homelessness Connect, Mental Health Week, NAIDOC Week and Yabun Festival
Implement the Big Ideas Grants Program to provide resourcing for tenants that want to work to improve outcomes for the tenant community		Five projects funded to date - Saturday Morning Art Club, Sewing Club, South Coogee Gathering Space, Camperdown foyer beautification, and Poetry mapping project (in partnership with Cliff Noble Community Centre)
Implement an action plan to respond to the 2014-15 Tenant Survey and customer service benchmarking and review our benchmarking approach.		Action plan completed. New biennial survey and benchmarking approach to customer satisfaction developed in consultation with tenant community



Key:  completed  in progress  not completed

Measure	How did we do?	
Embed our Customer Service Standards across the business		Customer Service refresher training for all staff. Development of Customer Service Guidelines and online training guide
Develop a range of new Housing Policies and Procedures to support clear, transparent decision-making and quality service delivery		Domestic Violence Policy, Leasehold Management Policy, Affordable Housing Policy and Rent Policy reviewed and/or developed
Implement the outcomes of the Support Partners Review to ensure Bridge Housing has strong procedures and business processes in place to sustain tenancies for high and complex needs tenants		Housing and Support Officer recruited to drive new partnership development, better partnership working and tenancy sustainment. Eight new partnership agreements were signed in 2015-16 and another seven in final negotiations
Implement the Streets Ahead Initiative to support tenants to improve their access to education, work experience and employment opportunities		Orbit Launch Pad and Orbit Snapchat project for children and young people completed to provide information into the development of our youth scholarship program. Information session with employment and training services held for tenants in May 2016. New Tenant Volunteer Policy developed
Implement the Local Links Initiative to reduce social isolation of tenants and improved connections with community services		Revised our annual property inspection to focus on tenant wellbeing, visiting 80 per cent of tenants in their homes. Partnered with Good Shepherd to provide on site financial counselling for residents. Staff members regularly attend housing and homelessness interagencies across our operating area
Implement the Hand Up Tenant Arrears Program		Worked with Legal Aid NSW to develop the Hand Up Program to enable tenants with arrears to sustain their tenancies. Seven tenants engaged in program
Implement new maintenance contract for responsive and planned maintenance services so that our homes are maintained at standard, within budget and meet tenant needs		New head contracts went live on 2 February 2016. The change has streamlined contracting arrangements and tenant satisfaction increased to 90 per cent over the period
Participate in the NSW pilot to retrofit energy saving features in Bridge Housing properties to support improved environmental sustainability and lower costs for tenants		Did not pursue due to funding priorities
Establish an auditing regime with maintenance providers to drive quality service delivery		Existing audit approach under review in light of new contracting regime
Implement the NSW Government's Connect 100 initiative to provide a housing first approach for homeless people across the inner city		14 clients housed under initiative
Complete a background paper examining the establishment of an Inner City Housing and Homelessness Hub		Paper completed - future development of a hub will be dependent on growth and relocation of office accommodation

Key:  completed  in progress  not completed

Measure	How did we do?	
Effective governance		
Develop a framework to measure the social impact of our service delivery to support the sustainability of the business and enhance community outcomes		Initial framing work completed. Finalisation on hold pending completion of work by NSW FHA and FACS Outcomes Framework. Included in 2016-17 business plan
Work closely with tenants to ensure they have a real say in our operations and planning		Workshop held with tenants to develop Tenant Code of Conduct. Due for launch 2016-17. Reconciliation Plan developed and drafted with Aboriginal and Torres Strait Islander Tenant Advisory Group and submitted to Reconciliation Australia for endorsement. Will be launched in 2016-17
Ensure business sustainability		
Keep arrears at or below the regulator's benchmark		Arrears fell from 1.95 per cent to 1.26 per cent in 2015-16
Keep voids and vacancies at or below the sector benchmark		Voids at 26 days, which is in line with last year. Vacants at 17 days, still slightly above the benchmark
Implement an action plan to improve the management of leasehold program		Established a dedicated Leasehold Manager position to drive efficiencies in securing rental properties
Achieve tenant satisfaction with asset maintenance services of at least 75 per cent		Achieved 90 per cent satisfaction with maintenance services
Continue a strategic whole of life approach to asset management		Ten year Strategic Asset Management Plan underway. Due for completion due in Q1 2016-17

## Delivering Quality Services to Applicants and Tenants

The Operations team engages directly with our tenants through our application and allocation services, tenancy management services, rent review, asset management services, and community building and engagement work.

This year was particularly busy for the team with a focus on embedding our customer service approach, establishing a new head contractor model for our repairs and maintenance services, tenancing new social and affordable housing properties, strengthening our partnerships with service providers and implementing Year 2 of the Building Bridges Strategy.

## Applying for housing

Demand for affordable housing, including social housing, far exceeds supply in NSW. At June 2015, around 59,035 people are registered on Housing Pathways, the NSW Housing Register (waiting list). The Bridge Housing Pathways team assesses applications for social housing assistance and allocates Bridge Housing properties to applicants from the NSW Housing Register. The team also assesses applications for and allocations to our affordable housing properties.

During 2015-16, the Pathways team assessed 515 applications for social housing assistance – an average of 43 applications per month. This was a slight decrease from the previous year when 525 applications were received, but it demonstrates the high demand

and ongoing need for affordable housing in Sydney.

The Pathways team completed 282 allocations into Bridge Housing's property portfolio during 2015-16, an average of 24 allocations per month. This represents an increase of 139 per cent from the previous year's 118 allocations. The large increase can be attributed to an increase in the number of overall properties under management from the previous year, including a higher number of transitional housing tenancies under management. Allocations to our properties are prioritised in line with the Bridge Housing Allocations Policy to ensure current tenants of Bridge Housing and clients from the NSW Housing Register are provided with suitable housing based on their household needs.

Bridge Housing also participates in managing affordable housing developments within Sydney, specifically for SOPA, Waverley Council and new investors at our Bunya Development. In addition, we manage privately owned affordable housing, secured through the Affordable Housing SEPP, at Strathfield and Canterbury. These are fee-for-service arrangements with private developers to provide alternative affordable housing options for very low, low-and-moderate income earners who may not meet the eligibility requirements for the NSW Social Housing Register. This service is provided in line with the NSW Affordable Housing Ministerial Guidelines.

### Managing tenancies

Bridge Housing has two tenancy teams, Eastern and Western, managing 1,767 tenancies and providing accommodation for 2,969 people. Both the east and west operating regions have a team leader and four housing managers. Each housing manager is responsible for a defined geographical area within the east or west areas.

Our housing managers play a critical role in providing flexible and responsive tenancy management services. They are often the first point of contact for tenant enquiries or when issues arise in a tenancy.

Housing managers work in partnership with support services to sustain tenancies, particularly for clients with complex needs or behaviours that may place their tenancy at risk. They work individually and at a neighbourhood level to address nuisance and annoyance issues, conduct property inspections and tenant welfare checks, and work to build connections between neighbours through our annual program of block meetings.

In 2015-16 Bridge Housing introduced a Housing and Support Specialist position. The role has been focused on implementing our support partner strategy, establishing new support arrangements and providing specialist advice to housing managers with complex needs clients.

### Rent review

Rent reviews are an important function of a community housing provider, as collecting rent is the basis of organisational sustainability. Our biannual rent review is a resource-intensive process involving about 1,650 tenancies. Extreme care is taken with calculations as errors of as little as \$5 per week can have a huge impact on very low-income households.

In 2015-2016, we increased our gross rent by approximately \$676,452 per annum, with a net increase of approximately \$257,411.

We frequently review the efficiency of rent reviews and continuously seek improvements to simplify the process for tenants. As a result of improvements, Bridge Housing received fewer appeals, queries and complaints throughout the rent review period, with an overall improvement in tenant satisfaction. Over the past year, the number of tenants who supplied information for the rent review before the due date increased by 12 per cent over the previous year. With the right allocation of resources, Bridge Housing can proactively and efficiently approach each rent review, offering a high level of customer service and a streamlined process.

### Housing the Homeless

Bridge Housing is committed to assisting the most vulnerable people to access and sustain social housing. In 2015-16 we built on our ongoing commitment to providing a housing first approach to rough sleepers through our participation in Connect 100.

### Connect 100

In 2015-16, FACS announced a new three-year homelessness initiative called Connect 100. The initiative aims to address the drift of homeless people into the inner city to access services, by providing a rapid housing response that returns them to their community of origin. The City of Sydney has provided funding for 25 additional spaces for clients with a connection to the inner city and who will need a housing response in this location.

Bridge Housing has committed to housing 15 homeless people under the initiative and by 30 June 2016, we had provided homes for 14 people. We are partnering with a number of organisations that provide support to sustain tenancies, including St Vincent de Paul, Mission Australia, NEAMI, and Moving Out Moving On – Domestic Violence NSW.

### Community building and engagement: Building Bridges

Bridge Housing is committed to achieving effective community engagement. We recognise the importance of involving our tenants, residents and wider communities in the way we deliver our services. We are committed to community development – to creating and supporting sustainable communities and neighbourhoods in which people want to live.

The development of our three-year Building Bridges strategy provides a clear direction for our community building and engagement activities. At the heart of Building Bridges are the concepts of working together and involving tenants and partners in decision-making. It builds on our existing housing and community services, tenant participation programs and resources to deliver service improvements and initiatives that can contribute to positive change for tenants and their families.

In 2015-16 under Year 2 of our Building Bridges Strategy we:

- ▶ launched the Hand Up initiative to enable tenants with complex needs and high levels of debt to pay of their debt through voluntary activities that address the causes of their debt issues with seven tenants engaged in the program
- ▶ established a partnership with Good Shepherd to provide onsite financial counselling to tenants once a month. To date 37 tenants have attended the service
- ▶ held nine block meetings so tenants could meet with staff and their neighbours to discuss issues and identify opportunities to improve their community

- conducted two Good Neighbours Workshops to give tenants tips on dealing with difficult neighbours or situations
- provided opportunities for engagement with kids and young people through the Orbit project (see Spotlight 1 on page 10)
- Worked with the Aboriginal and Torres Strait Islander Tenant Advisory Group (ATTAG) to develop our Reconciliation Action Plan and Songlines, a tenant art exhibition for NAIDOC week; and held workshops with ATTAG and local organisations
- continued producing Our Place, a tenant friendly newsletter with useful information and a tenant sub-editor
- ensured tenants have a voice in the way we do things by engaging tenants through a conference subsidy, involving tenants in the Bridge Housing Strategic and Business Planning process, contributing through the Your Views E-Panel and holding four tenant workshops on key initiatives such as the Tenant Code of Conduct and review of our Tenant Survey approach
- improved the way we engage with tenants from culturally diverse backgrounds through events such as “Preguntale a Bridge (Ask Bridge)”. Sixty-nine tenants attended to ask senior management questions and have their issues resolved in the main languages found in our tenant community – Arabic, Chinese (Mandarin and Cantonese), Spanish and Vietnamese. We also ensured our website can be translated into the major community languages to further facilitate access to information
- connected 13 tenants into work and education opportunities through the Streets Ahead initiative
- assisted tenants in four blocks to set up their own community gardens in Chippendale, Leichhardt and Camperdown
- trialled participatory budgeting at South Coogee to give tenants a voice in



Operations Leadership Team

spending maintenance funds for non-urgent upgrades in their community

- gave tenants a voice in assessing our design and building work through assisting the Development Team to develop the Tenants Talk Design feedback framework
- funded five tenant projects through the Big Ideas Grants initiative list
- gave more tenants the opportunity to meet and celebrate their success through the End of Year Party.

## Maintaining Homes

The Assets team is responsible for delivering Bridge Housing’s planned, responsive and cyclical maintenance programs. These asset programs are designed to ensure that our properties are safe, clean, habitable and meet tenant needs. The LAHC audits Bridge Housing properties through its Property Assessment Survey (PAS) program to ensure compliance with maintenance standards. According to the audit in 2014–15, 96 per cent of our properties are well maintained or maintained providing strong evidence of our proactive asset management approach. This year we spent \$3.3m on planned, responsive, cyclical and leasehold maintenance.

## Planned maintenance

Bridge Housing has a diverse portfolio of properties, with 30 per cent of our capital properties built 50 or more years ago. Our planned maintenance program is critical to managing one of the most significant risks to Bridge Housing: understanding and costing our long-term maintenance liability and ensuring our properties meet regulatory standards. We do this by completing a property audit/condition report (technical scopes) every three to four years.

During 2015–16, we completed planned maintenance to the value of \$655,250 on 96 properties, including common areas. The majority of this expenditure was undertaken to resolve a backlog of maintenance identified through our technical scoping program, works to ensure that our vacant properties are of an appropriate standard, and upgrades to common areas on Balmain and Coogee estates.

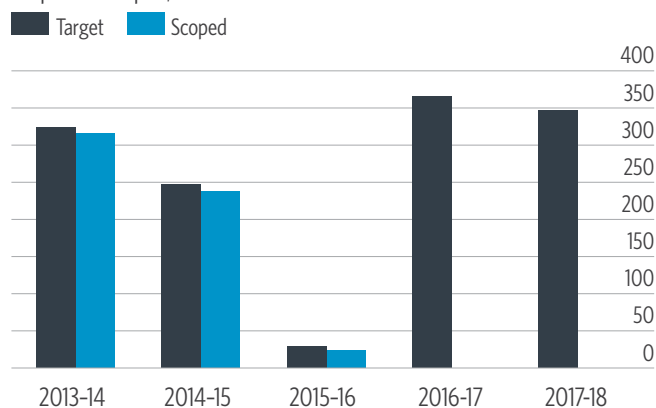
## Responsive maintenance and cyclical maintenance

In 2015–16 we completed responsive maintenance to the value of \$891,699 on 3,697 work orders. Our responsive maintenance works are undertaken to resolve immediate issues that arise in the management of properties or to address failure of items such as toilets and hot water systems.



## Technical scopes

Properties scoped, No 2013-16



In 2015-16, the majority of this work comprised plumbing works (24 per cent), handyman/builder works (26 per cent) and electrical works (16 per cent), with smaller expenditure on items such as cleaning (2 per cent), repairing appliances (14 per cent) and locksmiths (5 per cent).

In 2015-16, we completed cyclical maintenance services to the value of \$1,098,792. Cyclical maintenance is carried out on an agreed cycle, which can be annually or at other intervals. Our major cyclical maintenance works included cleaning, lawns and grounds maintenance, fire safety, technical scoping and termite/pest control, with smaller amounts spent on lift safety, roof and gutter repairs, and hydraulic services programs.

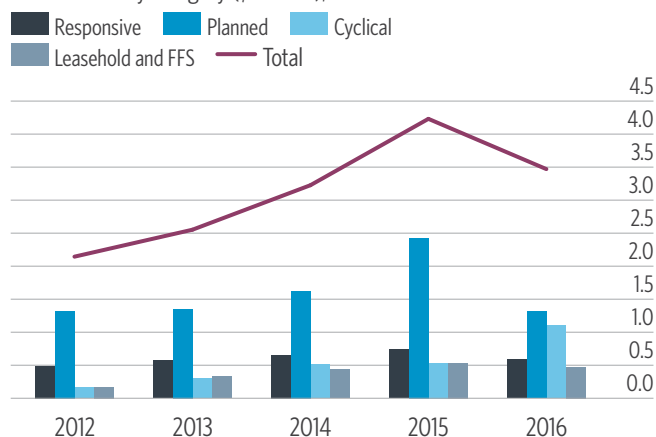
### Leasehold maintenance

In 2015-16, we completed maintenance to the value of \$304,835 on leasehold properties. Our leasehold maintenance expenditure incorporates costs associated with the end of tenancy and handback of properties to private owners and real estate agents, including handback compensation, repairs, maintenance works and removals.

We also managed a further 1,458 responsive maintenance work requests for leasehold properties in 2015-16, where work was undertaken by private landlords' contractors.

## Maintenance

Maintenance by category (\$millions), 2012-16



## Assessing our Service Delivery

Bridge Housing strives to continually improve our performance by seeking tenant feedback on our service delivery. Our principal tools are our Tenant Satisfaction survey conducted by the NSW Federation of Housing Associations, our Repairs and Maintenance Survey, and mystery shopping undertaken by Customer Service Benchmarking Australia.

### Reviewing our Survey Approach

We have undertaken an annual Tenant Survey since 2006 to measure satisfaction and identify areas for service improvement across all areas of the business. Recently we reviewed our survey framework and, with input from tenants, have made the decision to run the survey on a two-year cycle. This continues to meet our regulatory requirements and will allow us, in alternate years, to further investigate trends and aspects of service delivery through focus groups, online surveys, and other measurement activities.

In May 2016 we conducted a tenant communication survey to investigate tenant communication preferences and tenants' engagement with the internet and social media. We received a 47 per cent response rate. Initial survey findings indicate that:

- 45 per cent of tenants do not use the internet or social media

- of the 55 per cent that do use the internet, the majority access by smart phone (51 per cent) or their own home computer (48 per cent)
- the most popular reason for visiting the Bridge Housing website is to look up our contact details, followed by to request a repair, and to read Bridge Housing news
- Facebook is the most popular social media program by far and is used by 41 per cent of survey respondents
- the majority of tenants that use social media do so to connect with friends and family
- 18 per cent of survey respondents would be interested in connecting with Bridge Housing via social media.

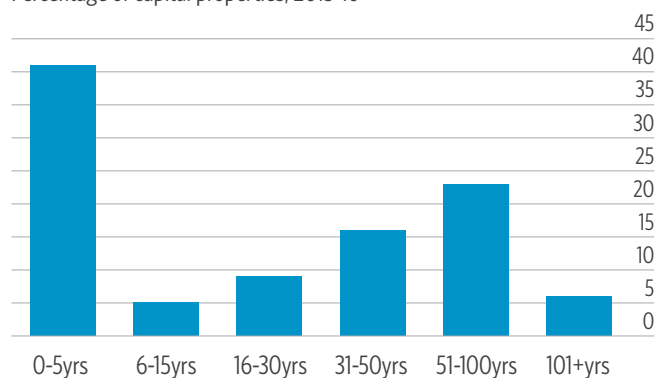
In the context of our increasing use of social media and the website to communicate, over the next year Bridge Housing will be looking at ways to improve digital access for tenants, in partnership with Digihouse, a social enterprise that aims to improve the digital skills of social housing residents.

## Repairs and Maintenance Survey

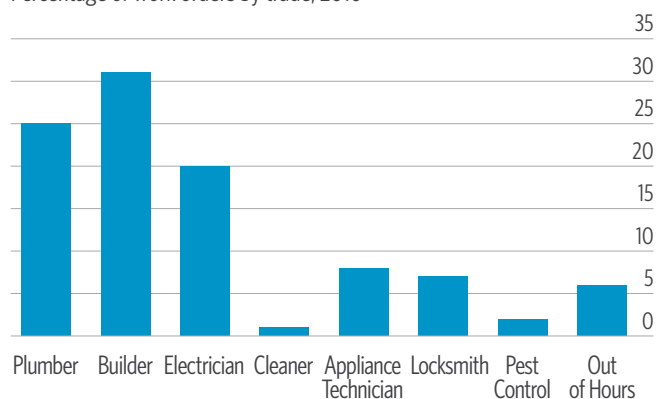
Bridge Housing distributes a repairs and maintenance satisfaction survey to all tenants who live in homes where works have been undertaken in the period. Our return rate is 12 per cent. In 2015-16, 90 per cent of tenants stated they were 'satisfied with the service' provided by Bridge Housing, up from 86 per cent in 2014-15.



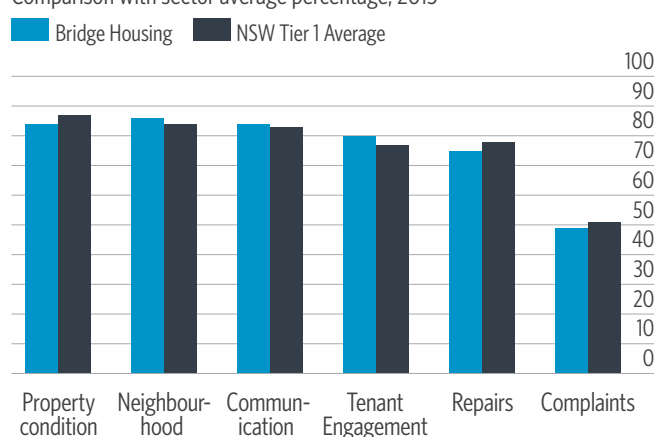
**Property age**  
Percentage of capital properties, 2015-16



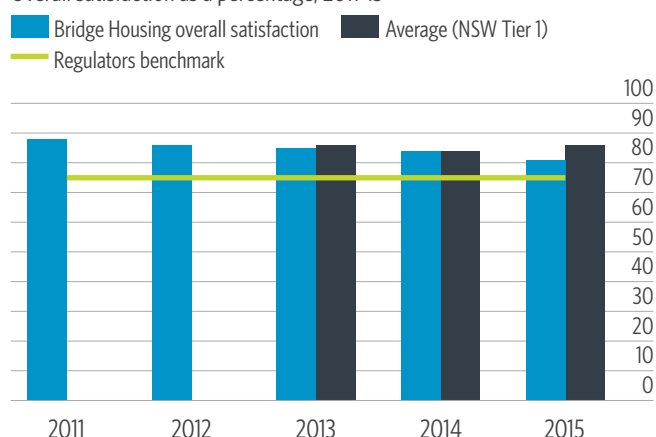
**Responsive maintenance**  
Percentage of work orders by trade, 2016



**Tenant satisfaction**  
Comparison with sector average percentage, 2015



**Tenant satisfaction**  
Overall satisfaction as a percentage, 2011-15



The survey acts as a supplementary audit and augments our annual Tenant Survey through monitoring satisfaction with quality of work, responsiveness of service request, and contractor performance.

## 2016-17 Operations Objectives

Aside from maintaining high quality applicant, tenancy and asset management functions and finalizing some outstanding deliverables from 2015-16, in the next financial year the Operations team aims to:

- achieve 80 per cent, or higher, satisfaction levels for asset maintenance and housing services in the Annual Tenant Survey and maintenance survey
- undertake CSBA benchmarking to externally evaluate our service delivery
- tenant 38 new dwellings at Parramatta
- develop a proposal to develop and implement a not-for-profit real estate function for Bridge Housing
- implement Year 3 of the Building Bridges Community Building and Engagement Strategy
- develop Bridge Housing's Community Regeneration Strategy
- embed the Customer Service Guidelines and Standards across the organization
- develop a range of new Housing and Assets Policies and Procedures to support clear, transparent decision making and quality service delivery
- complete a post implementation review of the Hand Up arrears management initiative to support successful tenancies
- implement the new lawns, grounds and cleaning head contract and fire safety contract so that our homes and open spaces are maintained at standard, within budget and meet tenant needs
- review the Housing and Support Partnerships Strategy and Policy to ensure we support sustainable tenancies for complex needs clients
- develop Bridge Housing's outcomes framework in alignment with sector frameworks and FACS policy directions.

# Spotlight 5:

## New Maintenance Contracts

### A new contracting regime for our portfolio

In 2015-16, Bridge Housing implemented a new principal contractor model for the provision of repairs and maintenance services across the portfolio. The aim of the new approach was to better position the organisation for growth. The tender was designed to:

- ▶ ensure that Bridge Housing was receiving value for money from our maintenance contracts
- ▶ streamline our contracting arrangements – moving from over 50 separate trades to two head contractors

- ▶ embed customer satisfaction in our contracting regime, and
- ▶ ensure the delivery of tenant and Aboriginal employment outcomes from the contract.

Following an extensive procurement process, Bridge Housing appointed SR Construction for our western area portfolio and Asset Group Services for our eastern area portfolio.

The contracts became operational on 1 February 2016 and the transition has been excellent with both

contractors working with us on a staged implementation plan, development of operational protocols, and contract reporting templates.

Overall tenant satisfaction results with the standard of maintenance services have remained at a high level of 90 per cent since the contract commencement.

Bi-monthly meetings are held with the contractors to ensure that the maintenance service is continued at a high standard. Bridge Housing has also established an internal



Assett Contractor fitting non-slip strips to external steps



Assett Group Services

Maintenance Management Committee to oversee the contract. This committee contains a tenant member to ensure that we continue to maintain the focus on our customers through contract implementation.

Works are carried out in accordance with the Bridge Housing maintenance standards with costs being awarded under the NSW LAHC's Schedule of Rates.

As part of their services, the principal contractors have agreed to achieve social outcomes including tenant and/or Aboriginal employment. Bridge Housing is working with contractors to advertise roles, with

recruitment undertaken by the contractors.

Bridge Housing is continuing to consolidate its maintenance regime into a more systematic approach to support potential future growth and has recently completed a tender process for Lawns, Grounds and Cleaning services. As with the Responsive Maintenance, tenant and/or Aboriginal employment outcomes are a contract requirement. In 2016-17, Bridge Housing will continue to review cyclical maintenance contracts to determine if there are any other works that can be consolidated under the Principle contractor model.

*Assett previously provided single-trade services to Bridge Housing and it has been inspiring to see Bridge Housing move towards best practice in the maintenance industry and implement a head contractor model.*

*Since commencement of the head contractor model we have noticed an improvement in our ability to reciprocate and achieve best practice in our service delivery and we look forward to continuing to do so in the years to come.*

**Joe Puccio, Managing Director, Assett Group Services.**

*SR Construction Pty Ltd is very happy to have won the tender for the West Area contract of the multi-trade services for Bridge Housing Ltd.*

*SR Construction believes that Bridge Housing's move to the multi-trade contract model will assist in delivering quality maintenance services to tenants. This will build upon the already great reputation of Bridge Housing in the community housing sector. SR Construction is excited to be a part of the Bridge Housing's success and looks forward to continuing to build on this partnership in the future as Bridge Housing continues to grow.*

**Sam Eisho, Managing Director, SR Construction.**

# Development Report

The Development team is responsible for managing and delivering Bridge Housing's property acquisitions and development to increase Bridge Housing's affordable housing portfolio.

This section of the Annual Report:

- presents highlights for 2015-16
- reports on how the team delivered on its critical success factors
- provides an overview of activities undertaken during the year
- outlines our objectives for 2016-17.

## Highlights of 2015-16

- Completed construction of 65 affordable housing dwellings at Bunya Estate, Bungaribee. Dwellings available for occupation commencing July 2016
- Completed construction of the New Generation Boarding House at Ashfield. Dwellings available for occupation commencing July 2016
- Commenced construction of the 38 residential units at Collett Parade, Parramatta in October 2015. Completion forecast for November 2016
- Commenced the Cowper Street, Glebe development with LAHC. The development will deliver 158 one and two-bedroom units by June 2018

- Completed the purchase of residential building containing 4 two-bedroom flats in joint venture with Waverley Council for affordable housing in Randwick
- Submitted an expression of interest for the Ivanhoe Communities Plus project with Mirvac as a joint venture. This will develop a former LAHC estate of 243 dwellings into 2,473 units comprising 1,800 private units, 550 social units and 123 affordable housing units
- Shortlisted and submitted a tender for the Communities Plus Seven Hills project, in a joint venture with Newbuild Developments, for 100-plus units (approximately 40 per cent of the units will be social and affordable housing with the remainder private market housing available for sale)
- Plenary Consortium, of which Bridge Housing is a member, shortlisted to proceed to tender for Social and Affordable Housing Fund. Will provide Bridge Housing 150 social and affordable housing units under 25 year management contract.

## Critical Success Factors

The Development team plays a key role in delivering the following critical success factors in our Strategic Plan 2015-18 and Business Plan 2015-16:

- Strategic Portfolio Growth - meet affordable housing need by increasing our property portfolio
- Delivering Quality Homes.

## Strategic Portfolio Growth













During the 2015-16 financial year, Bridge Housing grew its portfolio development pipeline via new projects at Bunya (34 dwellings via management and 31 that are managed and owned by Bridge Housing) and Ashfield (nine studio apartments owned and managed by Bridge Housing), delivering 74 new dwellings over this period. A further four properties were added via the purchase of the Randwick property in a joint venture with Waverley Council. Bridge Housing will own two of the units but will manage all four units under our affordable housing management agreement with Waverley Council.

Our development project at Collett Parade, Parramatta is forecast to reach completion in November 2016, adding a further 38 social and affordable housing units to Bridge Housing's portfolio by the end of 2016.

Bridge Housing has attended a number of NSW Government information sessions on the property transfer program, which will transfer up to 23,000 social housing properties to community housing providers. Program details will be released shortly. If Bridge Housing were to secure only 10 per cent of these properties, our portfolio would double in size to over 4,000 properties by 2023.



## Business Plan 2015-16

Measure	How did we do?	
<b>Strategic portfolio growth to meet affordable housing needs in the community</b>	<b>Key:</b>  completed  in progress  not completed	
Complete and tenant 65 new dwellings at Bunya		Dwelling construction – completed Dwelling occupation – in progress and forecast to commence occupation from mid July 2016
Complete and tenant 38 new dwellings at Parramatta		Commencement delayed due to both Parramatta Council delaying finalisation of their recommendation report to the Joint Regional Planning Panel until mid July 2015 and difficulty securing a suitable builder to deliver the project. There have also been 30 lost days due to inclement weather
Complete and tenant 9 new dwellings at Ashfield		Dwelling construction – completed Dwelling occupation – in progress and forecast to be completed July 2016
Finalise Cowper Street negotiations and participate in design and delivery		Cowper Street Deed of Agreement negotiations – in progress Participate in design and delivery – completed
Work in partnership with Waverley Council to deliver 6 new affordable housing dwellings		Four dwellings delivered
Pursue opportunities from the \$1b Affordable Housing Infrastructure Fund		Plenary Consortium shortlisted to participate in Social and Affordable Housing Fund tender
Influence urban renewal opportunities, for example Bays Precinct, Eveleigh to Central		Attended Bays Precinct community engagement sessions
Engage with identified councils to build relationships to enhance affordable housing supply		Held various meetings with Parramatta Council to assist with their affordable housing policy Assisted the industry peak NSW Federation of Housing Associations on affordable housing policy papers
Implement the Our Place Green Space initiative to give tenants a say in the provision and maintenance of their housing		Preparation of design guidelines commenced

### Meeting Leveraging Targets

Bridge Housing made a commitment to NSW Government in 2009 to meet affordable housing leveraging targets through the Nation Building program, which required Bridge Housing to deliver 75 new dwellings by June 2021. Completion of the Bunya, Ashfield and Parramatta projects will see Bridge Housing satisfy and exceed this commitment four years ahead of schedule.

### Delivering Quality Homes

Bridge Housing has closely monitored the design and construction of the various social and affordable housing developments to ensure all homes are delivered to a high standard of workmanship. Our approach to defect management during construction and prior to completion ensures that defects are identified early and rectified before they become major issues. Our asset management team undertakes a design review to ensure the use of quality finishes and fittings.

The benefits of this approach are twofold, providing our tenants with high quality properties that they enjoy living in from commencement of their lease and reducing Bridge Housing's long-term maintenance liabilities.

The Tenants Talk Design and Design Guidelines projects (part of the Building Bridges initiative) provide our tenants with the opportunity to provide positive and negative feedback on Bridge Housing developments. This information is used by the Development team to help inform the design on future social and affordable housing developments. This work is ongoing.



## Managing portfolio growth

Following the completion of Bunya, Ashfield and Collett Parade, Parramatta projects, Bridge Housing will have completed its first significant property development cycle. Our future portfolio growth will be primarily driven by the opportunities we secure from the Communities Plus program, the Social and Affordable Housing Fund and the Property Transfer Program. In the 2015 Annual Report we reported on the commencement and progress of our development projects. This included developments at:

- ▲ Bungaribee
- ▲ Ashfield
- ▲ Parramatta
- ▲ Cowper Street Glebe
- ▲ Waverley

### Bunya

See Spotlight 6 on page 74 of this report.

### Ashfield

See Spotlight 2 on page 32 of this report.

## Parramatta

The development will contain a mix of studio, one and two bedroom units within a four-level lift access building and will provide 25 parking spaces and additional storage for each unit within the basement level. The building has been designed to meet Livable Housing Australia's Silver standard, with a minimum of 6 units meeting a higher level of access for people with disability.

The development application for 38 affordable housing units was approved by the Sydney West Joint Regional Planning Panel in July 2015 and the contract with the builder (Construction Profile) executed on 1 October 2015.

The project has progressed on program and as at end of June 2016, the concrete structure has been completed, ready for commencement of the roof and installation of external windows and doors. Internal plumbing and electrical rough in has commenced to the lower levels including the basement level parking.

The project is forecast to reach completion in November 2016, 4 weeks later than originally forecast, predominantly due to

lost time as a result of inclement weather over the December 2015 - January 2016 period. Completion remains within the project program contingency.

## Cowper St, Glebe

Bridge Housing won a competitive tender in 2010 to work with the NSW LAHC to develop and build 158 social housing homes for seniors at the Cowper Street, Glebe site, forming part of the planned estate redevelopment. The development was expected to be completed by the end of 2013.

Bridge Housing attended fortnightly design Project Control Group (PCG) meetings with representatives from LAHC and the design team to progress the development application to City of Sydney, which was lodged in December 2015. The DA is forecast to achieve approval in July 2016.

The agreement between LAHC and Bridge Housing has also progressed, with the parties agreeing the pertinent conditions of the proposed vesting agreement. Bridge Housing will still inject \$10 million, subject to the availability of NRAS. Units are forecast for mid 2018 completion.



Jacqui and Chris from the Development Team



University of NSW Built Environment students visit to the Parramatta development site

## Waverley Council

In 2013-14 Bridge Housing secured \$1,092,000 in developer contributions to purchase affordable housing in the Waverley LGA. During the 2014-15 and 2015-16 financial years, Bridge Housing was able to secure further funds through the Affordable Rental Housing (2009) State Environmental Planning Policy, administered by the NSW Department of Planning, increasing the total amount available to \$1,405,900, and obtained approval to utilise the funds in the adjoining LGA of Randwick.

Following a number of unsuccessful bids to purchase properties in Waverley and Randwick LGA's, a suitable property located at 8 Roberts

Avenue, Randwick, comprising 4 two-bedroom units was purchased in early June 2016. The property was purchased on a 50:50 basis with Waverley Council. Bridge Housing will manage all four 2-bedroom units, with Waverley Council units managed under the existing fee-for-service agreement. These properties will be rented as affordable housing.

## 2016-17 Development Division Objectives

Our Development division objectives for 2016-17 are detailed in the Business plan 2016-17. In summary these are:

- ▶ develop replicable models to be able to respond to Communities Plus opportunities on smaller sites
- ▶ explore development opportunities using the financial interest in the Social Housing Subsidy Program (SHSP)
- ▶ influence urban renewal opportunities, for example Bays Precinct, Eveleigh to Central
- ▶ engage with identified councils to build relationships to enhance affordable housing supply.

# Spotlight 6:

## Affordable housing developments – Bunya

Throughout 2015-16 Bridge Housing has continued the construction of 65 homes in Bungarribee. This innovative project demonstrates how Bridge Housing delivers mixed-tenure, higher density development, working with a private sector development partner, on behalf of government, in outer metropolitan Sydney. Following construction completion and receipt of occupation certificates for all 65 homes the project is now moving into the tenancy management phase and progressively being handed over from the Development team to the Operations team, who are commencing tenant allocations.

### Background

The Bunya development site was purchased in December 2013 via a select tender issued by UrbanGrowth NSW. The tender sought interest from community housing providers to purchase and develop 10 super lots located within a new residential estate in Bungarribee. The estate was approved for up to 820 dwellings.

A key term in the contract for sale of the super lots with UrbanGrowth NSW required Bridge Housing to ensure that all dwellings remained as affordable housing and were rented to low-to-moderate income households for a minimum of 10 years from building completion. In order to reduce Bridge Housing's risk exposure and capital outlay, the development structure was predicated on selling half of the homes to private investors off the plan. This required Bridge Housing to put in place a number of legal agreements to ensure all current and future purchasers of the homes were contractually required to retain the dwellings as affordable housing for the minimum ten-year term. This also allowed the development to benefit from NRAS incentives that would otherwise have been lost to the sector in NSW, generating over \$6.5m over the 10-year period.

To solidify the success of the development and to ensure a high quality build, Bridge Housing held discussions with a number of developers/project home builders with a view to forming a joint venture partnership to deliver the project. Bridge Housing successfully agreed terms with Lindsay Bennelong Developments (LBD) who engaged Clarendon Homes to construct the dwellings (LBD and Clarendon are part of the same group, leading to cost savings). The joint venture required LBD and Clarendon Homes to obtain development approvals, construct all 65 dwellings, and sell 34 dwellings to investors.

The agreement negotiated by Bridge Housing required the developer to complete the following:

- ▶ obtain Development Approval for a minimum of 62 dwellings (final DA achieved 65 dwellings)
- ▶ provide a turnkey solution for all 65 dwellings at a fixed price negotiated at time of entering into a Development Management Agreement and prior to submitting the tender to UrbanGrowth NSW.

- ▶ fund the development of the 34 dwellings being offered for sale to investors, and manage the construction of 31 dwellings to be retained by Bridge Housing
- ▶ share the risk and return from the sale of the 34 dwellings on a 50/50 basis, with the sales proceeds representing the developer's management fee.

As part of the agreement with UrbanGrowth, Bridge Housing committed to managing all 65 homes for a minimum of 10 years following construction completion. This allowed Bridge Housing to expand its tenancy management business, increasing revenues generated from our fee-for-service property management portfolio.

The structure also allowed Bridge Housing to redirect debt and equity that would have been required to fund the development of the 34 dwellings to other affordable housing projects under construction including the Parramatta and Ashfield projects.





Bunya exterior

## Design

Standardisation of the design across the 65 dwellings allowed significant construction cost savings without compromising the final built form, which was highly regulated by Blacktown Council and the Bunya Design Review Panel. Overall, we were able to produce a high quality design when compared against other dwellings in the estate and also ensured that the affordable housing was indistinguishable from the private market housing.

A number of environmental sustainability measures have been incorporated into the design, including photo-voltaic solar cells, grey water reuse, 100 per cent native plants, and LED lighting, while approximately 60 per cent of the dwellings have been designed to achieve silver level under the Livable Housing Guidelines.

## Results

The Bunya project is a highly successful example of how community housing, government and private sector organisations can work together to find innovative solutions to deal with the affordable housing issues faced by Sydney families. The high demand



Bunya interior

for quality affordable housing in the Blacktown area was demonstrated when over 130 applications were received for leases of the 65 dwellings.

The proposal to share some of the development and construction risk with a high-quality developer and builder has ensured that the ongoing maintenance costs to Bridge Housing and our investors are minimised.

Overall, the project has returned a net development profit in excess of 30 per cent, which was utilised to pay down debt and as seed funding for other social and affordable housing opportunities currently under investigation by Bridge Housing.

# Finance and Corporate Services Report

The Finance and Corporate Services team provides strategic financial services to the business and support services across finance, information technology, human resources, work health and safety, and risk management. The team played a key role in helping us meet the critical success factors laid out in our Business Plan 2015-16.

This section of the Annual Report:

- presents highlights of 2015-16
- reviews 2015-16 performance against Business Plan objectives
- summarises other key support areas, including information technology, human resources, risk management, internal audit, and work health and safety
- presents our 2016-17 objectives.

The 2015-16 Financial Summary section on page 84 reports on our financial position, including our comparative five-year financial performance for 2012-16.

## Highlights of 2015-16

In 2015-16 the Finance and Corporate Services team:

- met most financial and operational key performance indicators (KPIs)
- developed a new costing model to better understand program profitability and more accurately price fee-for-service opportunities
- negotiated the increase of our National Australia Bank debt facility from \$18m to \$25m to fund our Parramatta social and affordable housing development which will deliver 38 new dwellings by November 2016
- developed an innovative financing model for our successful Communities Plus tender for the Seven Hills site, which will deliver over 100 units
- successfully upgraded our IT system to the latest version which included greater automation of the Rent Calculation Module to manage our twice yearly rent reviews for 1,600 tenancies
- re-tendered our three year internal audit program, developed a new 3 year internal audit plan and competed year one of the audit program, see page 78
- reviewed and updated our Business Continuity Plan (BCP)
- implemented four team building initiatives to drive cross team collaboration

- upgraded our office facilities
- reviewed and updated our Recruitment and Selection Policy
- reviewed and updated our Procurement Policy
- expanded our social media use and our SMS communication with tenants.

## Critical Success Factors

The Finance and Corporate Services team played a key role in delivering the following critical success factors in our Strategic Plan 2015-18 and Business Plan 2015-16:

- governing effectively
- managing business sustainability
- supporting our people and improving our workplace
- enhancing our communications and increasing our profile.






These critical success factors ensure our financial sustainability, drive process and efficiency improvements, manage our risk and compliance obligations, help us develop our people, create an engaging and inclusive work environment, and improve our communication with tenants and key stakeholders.

Key objectives are reported on below but a full summary can be found in Our Performance on page 18.



Key:  completed  in progress  not completed

Measure		How did we do?
<b>Managing the business sustainably</b>		
Deliver an operating surplus (EBITDA) of \$1.27m		Achieved an operational surplus of \$1.1m, strengthening Bridge Housing's balance sheet. Most key financial ratios and other metrics were within benchmark
Secure additional debt facilities to fund the ongoing development program		Negotiated an increase of corporate debt facility from \$18m to \$25m to fund the Parramatta development
Ensure compliance with all banking covenants		All covenants met at all times during the year
Enhance financial models		Detailed costing model developed to better understand program profitability and more accurately price fee-for-service opportunities
Update Strategic Asset Management Plan		Well underway but scheduled for completion in Q1 of 2016-17 business plan
Investigate different funding mechanisms		Discussions have been progressed both at a government and association level, and a draft discussion paper has been prepared to develop a debt amalgamation-type model
Implement and embed technologies that support customer service and organisational performance		<p>Implemented a number of initiatives during the year, including:</p> <ul style="list-style-type: none"> <li>■ upgraded SDM to latest version</li> <li>■ implemented new rent calculation module</li> <li>■ implemented online rent statements.</li> </ul> <p>A number of initiatives are still underway, including:</p> <ul style="list-style-type: none"> <li>■ implement mobile technology strategy</li> <li>■ implementation of electronic document records management system</li> <li>■ dashboard reporting solution.</li> </ul>
Undertake Scenario Planning to ensure the organisation is positioned to take advantage of Property Transfer Program		Work commenced on our Fit for Growth plan. Completed initial gap analysis and developed 29 project streams, including scenario planning, for execution through the first half of 2016-17
New contractor model		See Spotlight 5 on page 68
<b>Governing effectively</b>		
Establish 3-year internal audit program		<p>New internal auditor, PKF, appointed and a 3-year internal audit plan approved by the Board</p> <p>Year 1 of the Plan was completed which focused on financial reporting, forecasting, financial modelling and debt funding. Three improvement recommendations were received all with ratings of low</p>
Meet our regulatory and compliance obligations		<p>National Regulatory compliance assessment completed, with Tier 1 registration maintained</p> <p>All Work, Health and Safety compliance obligations were met with zero lost working days</p> <p>All incidents and all compliance and reporting matters completed</p>
Develop a framework to measure social impact of our services		Deferred to understand the NSW Government's outcomes based framework as part of Future Directions strategy. In addition the sector has been doing some work on Social Values Bank. Held over to 2016-17

Measure	How did we do?	
Governing effectively (Continued)		
Ensure tenants have a real say in our operations and planning		Several initiatives are well underway <ul style="list-style-type: none"><li>▸ Tenants involved in strategic and business planning processes</li><li>▸ Aboriginal tenant reference group established for Reconciliation Action Plan, which is scheduled for completion end of Q1 2016-17</li><li>▸ Tenant code of conduct to be finalised by Q1 2016-17.</li></ul>
Establish a framework and internal policies and procedures for National Rental Affordability System (NRAS) compliance		Framework established, policies and procedures developed and relevant staff trained to ensure both initial and ongoing compliance with NRAS regulations.
Develop our people		
Review existing roles and responsibilities and realign organisational structure to meet long term business objectives		This work has been rolled into our Fit for Growth planning and will be undertaken in the first half of our 2016-17 Business Plan
Examine opportunities to increase cross team collaboration		Four initiatives developed and delivered during the year, including 3 volunteer days and a planning / team building day
Deliver training, development and performance management aligned to strategic objectives		Expanded training calendar developed from an analysis of development plans and gaps in capabilities identified through the performance planning process

## Internal Audit Program

During 2015-16 Bridge Housing decided to re-tender its internal audit services, following the completion of our internal audit program 2011-15. Four firms were shortlisted, including the incumbent, and after a detailed review of the assessment criteria PKF were appointed as our new Internal Auditor for the next three years to 2018.

During the year we worked with PKF to develop a comprehensive three-year Internal Audit Plan, which was approved by the Board. Given our recent move into property development and the associated debt and servicing requirements, the focus for the 2015-16 audit was on financial reporting, forecasting, financial modelling and debt funding.

An overview of the scope is as follows:

- processes for raising debt
- financial modelling for new and live projects
- organisation budget and forecast setting process
- cash flow monitoring
- monthly monitoring and reporting to the Board
- treasury policy – effectiveness and monitoring
- exposure to interest rate risk managed
- monitoring of financial covenants
- corrective Management controls to respond to event of default.

The internal audit report found the controls and policies currently in place are largely considered to be appropriate, however, the audit identified three matters for Management and the Board's attention:

- budget assumptions – ensure all budget assumptions are considered against industry trends
- risk register – a number of minor low rated risks suggested for inclusion in the risk register
- documentation – suggested improvement of procedural documentation for financial reporting.

Each of these recommendations had a low risk rating associated with them but are being addressed by Management.



Agnes, Ana-Maria, Rebecca, Andrew, Becky, Elizabeth, Aarti and Collette at Exodus Foundation for Bridge Housing Volunteer Day

## Risk Management Plan 2015-16

During 2015-16, we built upon our previous risk management plan, which complies with AS/NZS ISO 31000:2009, and we continued to use CompliSpace, our online enterprise risk management and compliance system, to monitor risks through the year, in addition to our quarterly reporting to the board on all high-rated risks.

Bridge Housing continues to face risks associated with the transition from pure housing management to a business that includes property procurement, development and borrowing. This requires Bridge Housing to:

- ▶ build organisational capacity to manage growth and change, while maintaining existing services by strengthening our internal workforce expertise in housing and community, finance, development and asset management

- ▶ manage increased exposure to financial risks by securing and servicing loans
- ▶ manage acquisition and development risks through our property development process
- ▶ operate in a dynamic and uncertain external policy environment for the community housing sector.

Our Risk Management Plan enables us to identify and record potential risks that may prevent us from meeting our objectives. It identified high-level risk control strategies to avoid or mitigate risk. CompliSpace enables us to manage risk control strategies by linking tasks to each risk. Each task is assigned a due date and is allocated to an executive member of staff to manage.

We developed the Risk Management Plan 2015-16 based on the Executive Management team's review of our external and internal operating environments and the Risk Management Plan 2014-15 (including the

Risk Register). We re-evaluated existing risks, introduced new risks in the Risk Register and re-rated other risks, having regard to our Strategic Plan 2015-18 and Business Plan 2015-16.

Bridge Housing's management is responsible for monitoring and reviewing risks, and has:

- ▶ monitored individual tasks monthly by exception, at the Executive Management meeting
- ▶ reported on high and extreme risks to the Board on a quarterly basis
- ▶ reviewed risks and risk ratings annually as part of our annual business planning process
- ▶ allocated more frequent reviews for some individual risks based on the nature of the associated risk.

Following is commentary on areas of operation identified as high-risk.

Risk	Comment / Action
Policy Development & Integration	We appointed and funded a policy officer role in the 2015-16 budget and are in the process of reviewing all key operational policies and developing new key policies. This work has not been completed and we have provided funding in the 2016-17 budget to finalise this work.
Succession Planning	We have restructured our management to provide greater depth and levels of succession. Scenario planning, as a part of our fit for growth plan, will focus on the organisation structure under various growth scenarios, which will go some way to address this risk.
Staff Engagement	We have developed and executed an action plan based on the 2015 Employee Opinion Survey (EOS) results. In June 2016 we undertook our 4th successive EOS to inform our Business Plan 2016-17. The outcomes of the 2016 EOS are reported on separately at page 48.
Financial Viability	Significant work was previously undertaken in modelling various scenarios, especially with regard to Bunya and Parramatta. Following our Parramatta tender win in December 2014 we have now modelled a new base line scenario incorporating our commitments for Bunya, Cowper St Glebe, Ashfield and Parramatta to provide a sound basis to model any further opportunities. Fee-for-service income is also becoming an important income stream, particularly in light of the Social and Affordable Housing Fund. As such we have developed a robust costing model that allows us to more accurately price tender opportunities.
Leasehold Management	We have appointed a role to oversee leasehold management for 12 months and re-affirmed this position in the 2016-17 budget. In addition we continue to finalise our review of the leasehold program and have incorporated specific reporting on the leasehold program funding in the monthly finance reports.
Maintenance Contractors	The National Safety Council of Australia have reviewed our Contractor Compliance and developed best practice processes and documentation. We have also implemented an outsource compliance management system as well as an online induction system. We are currently implementing contractor performance standards and measures as a part of the new multi-trade contract implementation.
Property Transfers	We have begun our scenario analysis for a possible property transfer program and have now prepared a detailed plan to ensure we are 'fit for growth'.
Community Objections	Community objections may arise with each affordable housing development. Each development requires a community engagement and management strategy.
Change of Government Policy	There is now greater clarity at state level in the direction of social housing policy and the future of the community housing sector, after the release of Future Directions and the NSW Government's commitment to re-initiate the Property Transfer Program. Greater clarity is still required on the transfer program and the sector continues to work with the government through its peak body. At a federal level, the major issue is the shape of any ongoing budget changes. Changes in these areas, such as the transfer of sole parents from Parenting Payment to New Start and changes to pension indexation, may impact on our cash flow, through a reduction in rental income. It appears that the pursuit of federalisation considerations has diminished and the Federal Government are re-engaging in the housing problem through their affordable housing discussion paper.
Government Budget Cuts	As above but no specific action at this stage.





Work Health and Safety Committee from left: Sinead, John, Asrar and David

## Health and Safety

Bridge Housing is committed to providing a safe and positive workplace for our staff, those contracted to perform work on our behalf and visitors to our premises. Bridge Housing knows that staff wellbeing has a major affect on their performance and we regard our workplace health and safety (WHS) responsibilities to be of utmost importance.

All Bridge Housing managers and employees, as well as contractors and visitors, have a shared responsibility to contribute to the health and safety of all persons in the workplace. The promotion and maintenance of WHS and the dissemination of WHS information is primarily the responsibility of management.

The board and management, in consultation with employees, are responsible for developing, implementing and continually reviewing Bridge Housing's Workplace Health and Safety Program.

During 2015-16, Bridge Housing, through its WHS Committee, implemented its 2015-16 Work Health and Safety Action Plan. The plan focused on several areas.

## Incident Reporting Framework

During the year Bridge Housing formalised its incident reporting framework to provide greater clarity to staff and to ensure consistency of reporting.

The framework requires any member of staff who becomes aware of a WHS incident to report it by recording it in CompliSpace, our Risk Management System. Using the Incident Classification Decision Tree that has been developed, staff must determine whether to report it directly to a General Manager or the Chief Executive Officer.

Incident Classification Decision Tree:

- ▶ **Category 1:** This includes fatalities, incidents involving amputation or spinal injury, and property damage of more than \$1m. These incidents are notifiable to WorkCover (except when property-related), and must be reported to the Board.
- ▶ **Category 2:** This includes other types of serious personal injury, major fires and property damage between \$100k and \$1m. These incidents are also notifiable to WorkCover (except when property-related) and must be reported to the Board, and are distinguished

from Category 1 incidents for the purposes of reporting and statistical analysis.

- ▶ **Category 3:** This includes serious near misses, injuries and medical treatment, minor fires and security breaches. These incidents are not notifiable for WorkCover or the Board, but are recorded in Bridge Housing statistics where the incidents were under Bridge Housing control.
- ▶ **Category 4:** This includes very minor incidents with no injuries or property damage and tenant incidents that were not under Bridge Housing control. These incidents are not included in Bridge Housing statistics.

## Work Health and Safety management and training

A WHS Committee manages work Health and Safety at Bridge Housing. The WHS Committee comprises two employees as well as two management representatives: the CEO and the General Manager Finance and Corporate Services. Staff elect the employee representatives, who act as the designated health and safety representatives, as required by the *Work Health and Safety Act 2011 No 10*.



During the year both staff elected representatives resigned and as a result separate elections were held to fill these vacant positions. On both occasions it was encouraging that a large number of staff nominated for the position, highlighting the importance placed in the overall management of WHS by Bridge Housing staff.

The committee met four times in 2015-16 and carried out four workplace inspections. The Committee prepares a WHS report for the board each quarter.

We also continued to provide online training to staff, which is mandatorily completed every year. A full list of WHS training provided during the year includes:

- ▶ WHS fundamentals (all staff)
- ▶ duty of care for managers and supervisors (line managers)
- ▶ manual tasks for workers (reception and administration staff)
- ▶ working from heights (asset technical staff)
- ▶ WHS harmonisation (Safety Committee).

We maintained an excellent WHS record during the year. Although there was one reportable incident during the year, no work hours were lost.

Health and safety is critically important at Bridge Housing and we continue to work with staff, contractors and all who engage with us to create a safe work environment.

### Contractor Compliance Framework

During 2014-15 Bridge Housing implemented an online induction system for contractors together with the Cm3 contractor compliance management system. During 2015-16 we moved into multi-trade contractors for delivery of responsive and planned maintenance services. We appointed Green Cap, an experienced WHS consultancy firm, to assist in embedding our contractor compliance management system with our new multi trade contract implementation.

The Contractor Management System Guidelines (CSMG) are designed to provide a comprehensive framework/system to manage our WHS risk in relation to contractors and will guide our revised WHS audit strategy. Green Cap has developed tools/templates to assist with the development of our quality and environmental audit strategy.

### Information Technology

Bridge Housing implemented its Information Management System, SDM, in February 2013. It is now well-embedded, providing an integrated tenancy, asset, and financial management system, and reporting. Bridge Housing is very much focused on ensuring that we make the best use of the technology as it is a critical component of having a robust business platform to ensure efficient operations and having the most accurate data to analyse our business and provide timely reports to monitor our performance to internal and external stakeholders. To improve our systems, two important initiatives were undertaken this year.

#### SDM Upgrade

Upgrade to V2014. This was a major upgrade that addressed a number of technical and functional issues in the system as well as improving the user interface and access to data. This was particularly important as we worked with government to improve the outcomes from the data collected through our quarterly unit-level submission. In addition we continue to improve our system through two specific initiatives:

- ▶ implementation of the Rent Calculation Module. The rent review process for a community housing provider is both a complex and time-consuming exercise which requires the calculation of rent based on the income attributes of each individual tenant. This module has been under development and testing for some time but has now been successfully implemented

and will considerably reduce the time required to calculate and process over 3,000 rent reviews each year. In particular, it will significantly reduce the level of data handling, thereby reducing human error, increasing accuracy and providing our tenants with timelier information on any rent changes.

- ▶ mobility solution. A detailed review was undertaken during 2015-16 to identify a solution to meet our ongoing mobility requirements. This will be commissioned and implemented in the first half of 2016-17.

### Electronic Document Records Management System

In 2015-16 our attention turned to continuous improvement and development of our Electronic Document Records Management System (EDRMS). An EDRMS can increase business efficiency, provide greater accountability and reduce business risks. The benefits of the EDRMS project include:

- ▶ improved information management capability
- ▶ increased business efficiency
- ▶ reduced business risk and improved governance
- ▶ assists with compliance with key standards and requirements.

Installing the EDRMS is a major IT project that will provide the internal business infrastructure and systems required for long-term growth. It requires a major change management focus across the organisation and will be completed in 2016-17.

This project will take place over several stages to:

- ▶ develop a Records Management Framework
- ▶ develop a system requirements brief
- ▶ select a system
- ▶ configure and implement the selected system
- ▶ develop user documentation and train users.



Rowena, Assistant Accountant, talking to tenants at Preguntale a Bridge

## Human Resources

The quality of our services is determined by our ability to attract and retain high-calibre staff with the skills, capacity and passion to drive company performance. As such, we continued to focus on improving our HR offering and refining our HR policies and procedures, enhancing our Total Rewards Program and improving our Training and Development Program.

Whilst these efforts have not shown an increase in the overall staff engagement survey result in 2015-16, we are heartened by the general improvement in ratings across most of the measurement areas and we stay committed to continually improving the environment, culture and workplace for our staff as we know that helping our staff realise their potential is fundamental to our success.

For more details see Our People on page 46.

## 2016–17 Finance and Corporate Services Objectives

Our Finance and Corporate Services objectives for 2016-17 are detailed in the Business plan 2016-17. In summary these are:

- achieve an operating EBITDA (earnings before interest, taxes, depreciation and amortisation) of \$1,521 million, to meet short and long term goals and objectives outlined in the Business Plan 2015-16
- implement the Fit for Growth action plan
- undertake an independent board review
- implement a stand alone trust accounting system
- develop a contractual management framework
- manage and expand debt facilities to meet future funding requirements
- develop scenario planning and costing model to forecast the impact of the Property Transfer Program
- implement mobility solution
- implementation of Electronic Documents Records Management System
- develop long term IT strategy
- review existing roles and responsibilities and realign the organisational structure to meet long-term business objectives
- review remuneration model
- develop and implement a formal staff recognition program
- develop long term accommodation strategy
- work towards achieving White Ribbon accreditation
- development of a marketing strategy and capability statement that builds upon our communication strategy.

# Financial Summary

## 2015–16

Bridge Housing recorded an operating surplus before depreciation of \$1.1 million in 2015–16, compared to \$0.5 million in 2014–15. Our operating surplus is shown in the Financial Results graph on page 5. The net profit for the year is affected by a mark-to-market fair value adjustment on an interest rate swap of \$2.3 million.

### Financial Position

#### Revenue

Total revenue increased by \$0.5 million in 2015–16, due mainly to increases in rental revenue though indexation and additional properties. The revenue breakdown for 2012–16 is shown in the Revenue chart on page 85.

#### Expenses

Expenses increased by \$1.2 million in 2015–16. This was affected by the following one-off items:

- a \$1.3 million one-off impairment charge in 2014–15
- a fair value adjustment as noted above of \$2.3m in 2015–16.

The expenses breakdown for 2012–16 is shown in the Expenditure chart on page 85 but after adjusting for these one off items, expenses increased by \$200k.

### Economic dependency

Bridge Housing relies on government subsidies, grants and resources, and income generated from our tenants' rent. We do not rely on donations to fund our operations. Our major sources of revenue are identified in the revenue graph.

Bridge Housing's net assets increased by \$4 million to \$105 million during 2015–16. Movements are as follows:

- cash increased by \$1.1 million, from \$7.2 million in 2014–15 to \$8.3 million
- the value of other property, plant and equipment increased by \$20.4 million to \$115.5 million as a result of investments in development projects (\$15 million) and the revaluation of existing properties (\$5.4 million)
- current liabilities increased by \$2.3 million, primarily as a result of an increase in deferred income
- non-current liabilities increased by \$14.3 million, primarily as a result of debt drawdown to fund development projects, increasing debt by \$12 million, from \$4.9 million to \$16.9 million, and the provision for the fair value adjustment noted above of \$2.3 million.

### Financial Performance 2012–16

A five-year comparative analysis of our financial performance, including our 2015–16 results, is available on page 88. This is an extract from our audited Financial Report 2016, available at [www.bridgehousing.org.au](http://www.bridgehousing.org.au) or by phoning the Bridge Housing office on 02 8324 0800 or emailing [customerservice@bridgehousing.org.au](mailto:customerservice@bridgehousing.org.au).

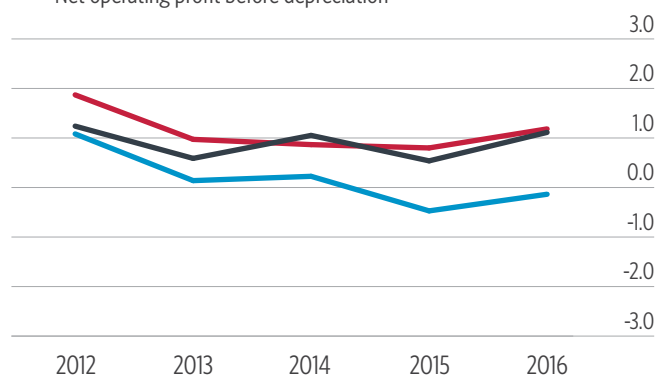
### Our 2012–16 report card

We have analysed Bridge Housing's key financial and operational ratios against KPIs over five years to 30 June 2016. The trend analysis shows that we performed well against our financial and non-financial KPIs during 2015–16. Profitability has improved and arrears continue to trend down well below benchmark. Our voids are at benchmark and vacant days slightly above benchmark – this requires ongoing focus.

## Financial Results

(millions), 2012-16

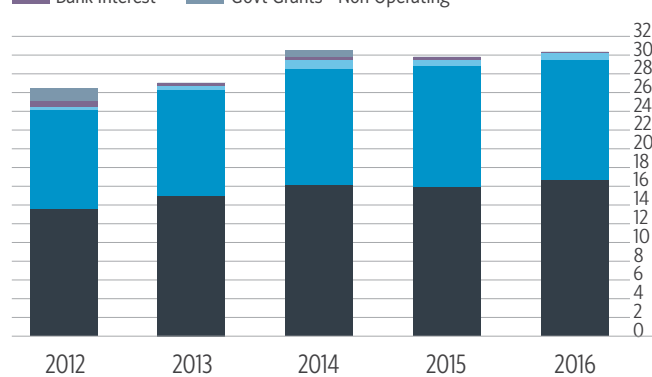
Operating EBITDA   Net profit before abnormal items  
Net operating profit before depreciation



## Revenue

Revenue composition (millions), 2012-16

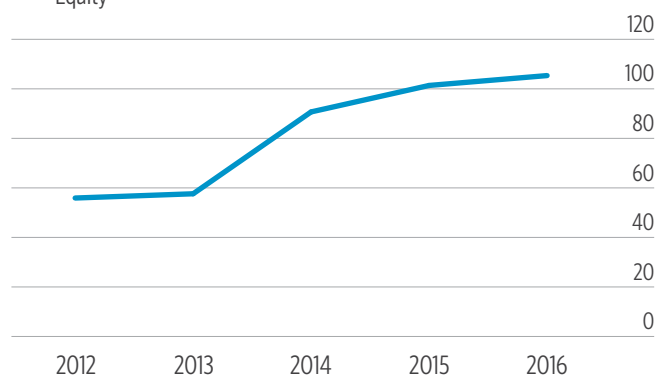
Rental Income   Govt Grants - Operating   Other  
Bank Interest   Govt Grants - Non Operating



## Equity

Total equity (millions) 2012-16

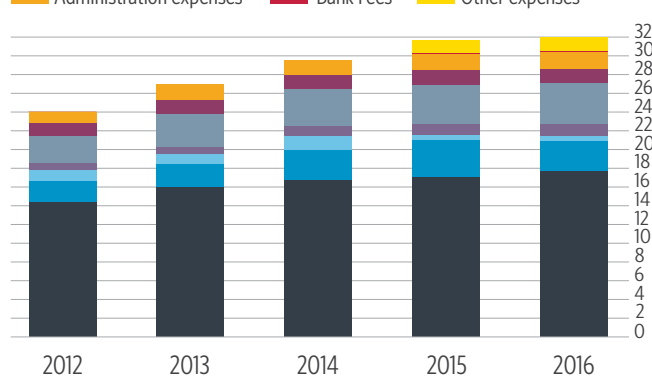
Equity



## Expenditure

Expenditure composition (millions), 2012-16

Rents paid   Maintenance   Insurance & other property expenses  
Depreciation   Management expenses   Rates and utilities  
Administration expenses   Bank Fees   Other expenses



Key performance indicators five year analysis	Benchmark	2012	2013	2014	2015	2016
<b>Tenant satisfaction</b>						
Overall satisfaction with the organisation (%)	75	86	85	84	81	N/A
<b>Service development</b>						
Total number of housing properties		1,552	1,628	1,649	1,716	1,767
<b>Finance management</b>						
Staff cost as a percentage of total revenue (%)		11.3	13.0	12.7	13.8	14.4
Property costs as a percentage of total revenue (%)		72.0	77.4	75.0	77.3	75.4
Administration cost as a percentage of total revenue (%)		4.6	6.0	5.3	6.2	6.3
Profitability ratio - operating EBITDA/operating revenue (%)		5.1	2.2	3.6	1.8	3.7
Liquidity ratio - current assets/current liabilities		3.5	3.8	3.8	4.0	1.9
Cash flow ratio - operating cash inflows/operating cash outflows		1.1	1.0	1.1	1.0	1.2
Interest cover ratio - operating EBITDA/interest expense (%)	2	67	0	0	0	0
Loan to value ratio (%)	35	N/A	N/A	N/A	5.4	14.7
Return on assets - EBITDA/assets (%)		4.3	1.0	1.9	0.5	0.9
Cash at end of year (\$m)		10.6	10.7	11.3	7.2	8.3
Operating EBITDA (\$m)		1.2	0.6	1.1	0.5	1.1
Net profit (\$m)		2.4	0.1	1.0	-1.8	-2.5
Reserve for future planned maintenance (\$m)		2.2	0	0	0	0
<b>Housing management</b>						
Arrears (%)	2.5*	1.6	2.3	3.0	1.9	1.3
Market rent loss via void (%)	2.5*	1.2	0.6	0.7	1.0	1.0
Market rent loss via vacancy (%)	2.5*	1.2	0.7	0.4	0.6	0.3
Void days*	28	28	21	31	30	27
Vacant days*	14	17	18	16	17	16
Number of tenants exiting the service because of possession order enforcement		5	23	19	15	8
Eviction rate (%)	10	N/A	14.0	9.4	7.5	4.4
<b>Human resources</b>						
Staff engagement		64	72	82	75	74
Ratio of staff to lettable properties		1:46	1:41	1:39	1:39	1:38
Staff turnover (%)		35	15	11	16	22
Number of full time equivalent staff		34	40	42	44	46

\* Benchmarks established by the National Regulatory System for Community Housing (NRSCH). See Registration Return Guide, [www.nrsch.gov.au](http://www.nrsch.gov.au).

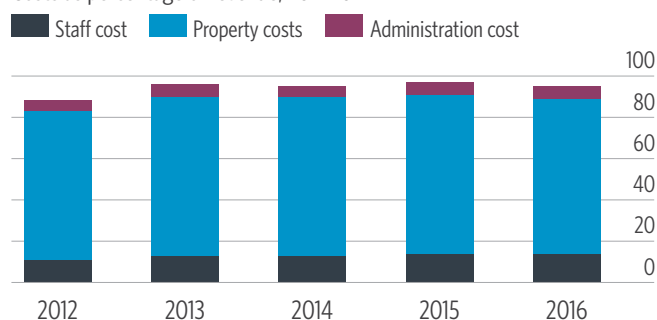


## Key Financial Viability Measures

The following graphs highlight the key measures that demonstrate the financial health and sustainability of our business.

### Cost structure

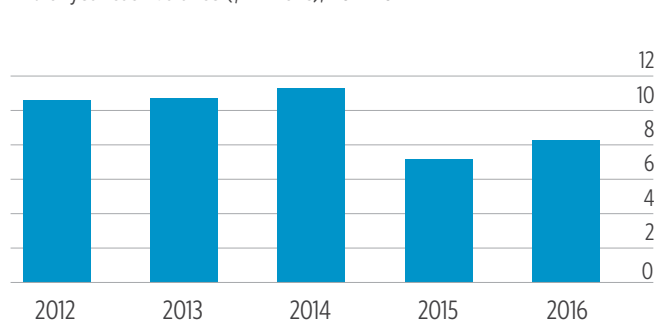
Costs as percentage of revenue, 2012-16



Our cost structure remains reasonably consistent with that of the 2014-15 financial year. After adjusting for one off abnormal non cash items, costs have increased by \$200k and have decreased as a percentage of revenue.

### Cash balance

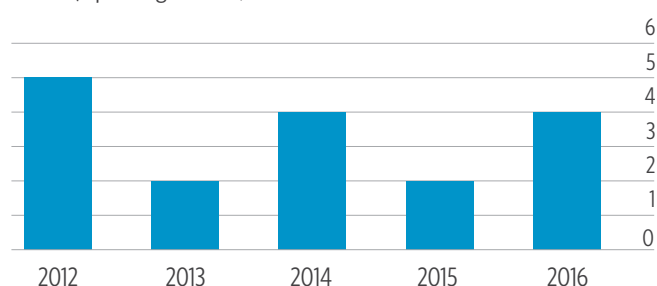
End of year cash balance (\$ millions), 2012-16



Our cash balance at 30 June 2016 was \$8.3 million. This is an increase of \$1.1 million on the previous year's results and reflects the sound management of our overall cash position as we invest equity and debt into new developments. Bridge Housing has negotiated an increase in its debt facilities to continue to fund development projects and we continue to maintain a strong cash position to deliver affordable housing to low and moderate income earners.

### Profitability ratio

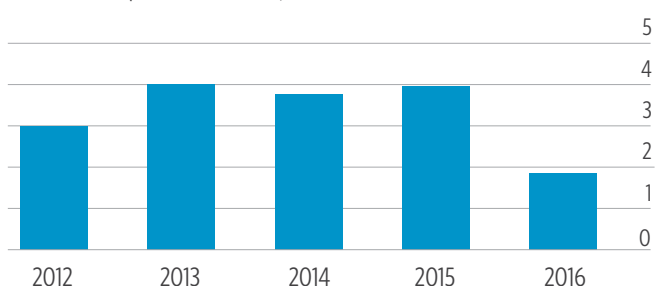
EBITDA/operating revenue, 2012-16



This ratio measures earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of operating revenue. The percentage has increased this year as we grow the income line whilst constraining cost increases.

### Liquidity ratio

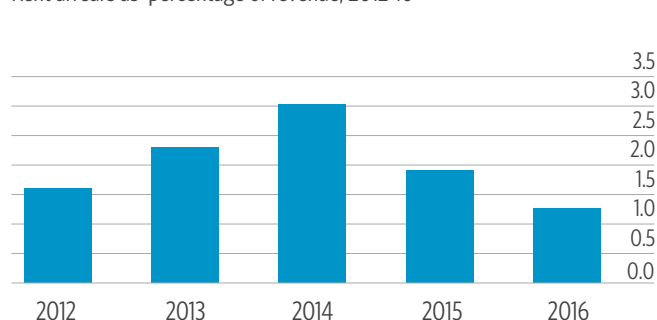
Current assets/current liabilities, 2012-16



The working capital (liquidity) ratio measures Bridge Housing's ability to repay its short-term debt using short-term assets. Bridge Housing's liquidity ratio at 30 June 2016 was 1.9 per cent, which indicates our strong capacity to meeting short-term financial commitments.

### Arrears

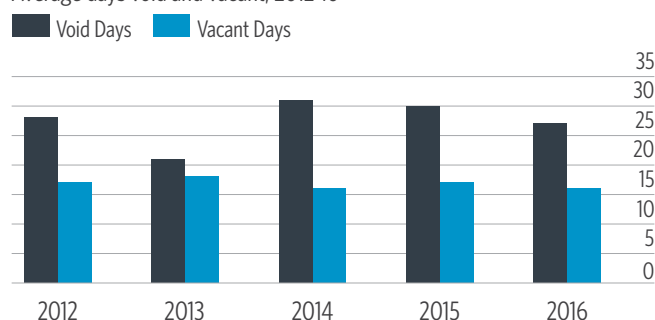
Rent arrears as percentage of revenue, 2012-16



This ratio measures our rental arrears as a percentage of operating revenue. The ratio has decreased to 1.3 per cent, down from 1.9 per cent last year, and is well below the industry benchmark of 2.5 per cent.

### Void and vacants

Average days void and vacant, 2012-16



Average void days refers to the number of days on average that our properties are unavailable for letting due to maintenance work requirements. Average vacancy days refers to the average number of days a property is vacant once it is available for letting. Both of these have improved slightly from last year and are generally in line with benchmark.

Five-year financial results at a glance (In '000 AUD)		2012	2013	2014	2015	2016
How much did we	Where does the money come from?	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Charge tenants for living in the properties	Rents	13,520	14,954	16,095	15,876	16,600
Receive from government	Non-operating grants received such as SEPP 10, capital grants	1,321	0	775	0	0
Receive from government	Operating grants received	10,575	11,284	12,354	12,987	12,907
Receive from investment of surplus funds	Interest	649	384	314	308	160
Receive from other activities	Fees for service, water usage recharge, tenant reimbursement	352	426	1,002	633	666
Receive from government	Other contribution – properties vested	0	0	24,490	0	0
<b>Total revenue (excluding other contributions)</b>		<b>26,418</b>	<b>27,048</b>	<b>30,540</b>	<b>29,804</b>	<b>30,333</b>
<b>Where does all the money go?</b>						
Spent renting properties	Rents paid	-14,401	-15,920	-16,702	-16,977	-17,635
Spent on property rates & utilities	Rates and utilities	-1,307	-1,482	-1,534	-1,566	-1,483
Spent on maintaining the properties	Maintenance	-2,144	-2,552	-3,226	-4,007	-3,304
Spent on other property expenses	Insurance & other property expenses	-1,177	-980	-1,450	-497	-445
Allocated on other property expenses	Depreciation	-787	-833	-1,140	-1,271	-1,319
Spent on administration expenses	Administration and overhead expenses	-1,215	-1,629	-1,611	-1,837	-1,912
Spent on salary and related costs	Management expenses	-2,983	-3,513	-3,876	-4,120	-4,372
Non cash accounting adjustments	Impairment / Fair Value adjustments	0	0	0	-1,341	-2,336
<b>Total expenditure</b>		<b>-24,015</b>	<b>-26,909</b>	<b>-29,539</b>	<b>-31,616</b>	<b>-32,805</b>

Five-year financial results at a glance (In '000 AUD)		2012	2013	2014	2015	2016
How much did we	Where does the money come from?	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Retain to help with future activity	Surplus for the year	2,404	139	1,001	-1,812	-2,472
Retain of previous years' surpluses	Retained profits brought forward	53,504	57,484	89,683	103,182	107,828
Transfer to Reserve for PMP	Transfer to reserve for planned maintenance program	-2,233	0	0	0	0
Transfer to Reserve for property revaluations	Transfer to assets revaluation reserve	0	-1,577	-9,148	-21,647	-28,106
Transfer to Reserve for property development	Transfer to other reserve for property development	-2,120	0	0	0	0
Retain to help with future activity	Retained profits carried forward	51,555	56,046	81,537	79,723	77,250
Balance sheet						
Owed by our tenants and others	Debtors	3,226	3,301	1,772	1,803	1,933
Banked	Cash assets	10,610	10,734	11,332	7,175	8,260
Paid for property, furniture and equipment	Property, plant and equipment	46,106	47,377	81,212	99,733	120,036
Owed to members & others	Other Liabilities	-4,035	-3,788	-3,632	-2,404	-7,975
Owed to financial institutions	Debt	0	0	0	-4,938	-16,898
<b>Net assets</b>		<b>55,907</b>	<b>57,623</b>	<b>90,685</b>	<b>101,369</b>	<b>105,356</b>
Retained to provide for future planned maintenance program	Reserve	2,233	0	0	0	0
Retained to provide for assets	Assets revaluation reserve	0	1,577	9,148	21,647	28,106
Retained to provide for future property development	Other reserve	2,120	0	0	0	0
Retained for future activities	Retained profits	51,555	56,046	81,537	79,723	77,250
<b>Total equity</b>		<b>55,907</b>	<b>57,623</b>	<b>90,685</b>	<b>101,369</b>	<b>105,356</b>

Our comprehensive Financial Report 2016 is available on the CD with this Annual Report and at [www.bridgehousing.org.au](http://www.bridgehousing.org.au)

# Bridge Housing in the Community

Bridge Housing staff members engage with the communities in which we live and work in different ways. We are proud to support the good work of other organisations that contribute to the wellbeing of our communities, and collaboratively engage with stakeholders who can have a profound effect on the future direction of the housing sector.

banner of the Bridge Housing Harriers, our staff runners raised \$4,170 for Weave Youth and Community Services.

Weave Youth and Community Services is a not-for-profit community organisation that has been working with disadvantaged and vulnerable young people, women, children and families in the City of Sydney and South Sydney areas for over 35 years. They offer practical support, housing referral support, counselling, mental health services, drug and alcohol support, and access to education, employment opportunities and connections to other services.

this LGA, to help measure the effectiveness of the City's Homelessness Services and other local initiatives.

Bridge Housing works to resolve chronic homelessness through programs such as Platform 70, so Bridge Housing staff were willing to volunteer, for the seventh consecutive time, in the early hours of the morning in August 2015 to help the City of Sydney collect the data it needs. Bridge Housing remains committed to this important task and will be volunteering again.

## Other fundraising and community activities

Bridge Housing partnered with Redfern Community Centre to present a flag-raising ceremony for NAIDOC Week 2015. We also attended the Yabun Festival in January 2016.

In December 2015, the Assets team of Bridge Housing ran its annual food collection

## 2015 Bridge Run

In September 2015, 24 Bridge Housing staff members entered Blackmores' Bridge Run. This annual run goes from North Sydney to the Botanic Gardens. Running under the

## 2015 street count

The City of Sydney conducts biannual street counts of rough sleepers in the heart of the city as part of its Homelessness Strategy. The aim is to collect up-to-date information about the numbers of people sleeping rough in



Bridge Housing presenting the money raised doing the Bridge Run 2015 to Weave Youth and Community Services

drive for a local play school in Redfern. In a new initiative for 2015, the Reception team ran a program of donating gifts for the children at that same play school. Both were well-supported by Bridge Housing staff members, who welcomed the opportunity to support an organisation doing such great work in our local community.

## Volunteering

Bridge Housing provides one paid volunteering day per year for each staff member. Over 2015-16, the staff of Bridge Housing utilised their volunteering days to work in groups supporting three very different charities – RSPCA, Exodus Foundation, and Ronald McDonald House. The team that visited the RSPCA spent the day helping with maintenance work and playing with puppies, while the team that visited Ronald

McDonald House spent their day doing maintenance work on the property and cooking lunch for the residents and staff. The team that visited the Exodus Foundation did food preparation for the lunch the foundation provides to the community on a drop-in basis, and for an event that the foundation was hosting the following day. Everyone who participated enjoyed the hands-on opportunities to work with organisations that share Bridge Housing's mission to improve lives and strengthen communities.

## Services to Our Industry

### Membership

Bridge Housing plays an active role in the community housing industry as a member of industry organisations including the

NSW Federation of Housing Associations, PowerHousing Australia and the Australasian Housing Institute.

On 10 June 2016, our CEO, John Nicolades, resigned as chairperson of the NSW Federation of Housing Associations (FHA), having held that role since in February 2014. John remains a director of the FHA, and the NSW delegate to the Community Housing Industry Association (CHIA), a position he has held since 2014.

Rebecca Pinkstone, General Manager Operations, is a member of the AHURI Inquiry Panel and Chair of the AHI NSW branch. Bridge Housing has continued to provide meeting facilities for the NSW branch of the Australasian Housing Institute.

## Presentations

Title	Presenter	Date	Conference/seminar
Implementing a housing first approach in the private rental market	Rebecca Pinkstone	September 2015	Linking Housing & Homelessness Services
Who bears the costs of a housing first model? The learnings from Platform 70	Rebecca Pinkstone	October 2015	2015 National Housing Conference, Perth
Experiences in NSW with the Common Housing Register	Rebecca Pinkstone	November 2015	Community Housing Federation of Victoria 2015 AGM
Attracting institutional finance: A CHP perspective	John Nicolades	February 2016	Financial Models for Affordable Housing Conference, Sydney
Housing and Prevention Initiatives – Platform 70 Experience	Rebecca Pinkstone	April 2016	Homelessness NSW 2016 Conference
Time for a Game Change: financing social and affordable housing in Australia	John Nicolades	April 2016	7th Annual Affordable Housing Projects Conference, Kuala Lumpur Malaysia
The Coming Wave: Exploring the relationship between affordable and social housing	John Nicolades	June 2016	Australasian Housing Institute Professional Practice Seminar, Sydney

## Meeting our State Members

Between July and October 2015, the CEO completed a series of meetings with all 15 state Members of Parliament within our operating region: Liberal, Labor and Greens. The purpose of the meetings was to introduce Bridge Housing, discuss the role of the community housing sector, discuss respective housing policies and encourage bipartisan support for more affordable housing. The meetings have been very productive in assisting local Members to appreciate the diversity of community housing operations and initiating some positive policy discussions.



# Facts and Figures

This section of the Annual Report shows the changing profile of Bridge Housing by examining our property portfolio, tenancies and the diversity of our tenants.

## Properties

### How many?

Bridge Housing's property portfolio increased from 1,716 to 1,767 properties in 2015-16. The additional properties came primarily from new management for Caretakers Cottage and additional properties under Connect 100 and Domestic Violence Response Enhancement Funding. In addition we completed the redevelopment of our Ashfield property as well as the management of the remaining fee-for-service properties for the Sydney Olympic Park Authority (SOPA).

We lease capital properties from FACS on recurrent three-year leases. Our capital property portfolio also includes 242 properties vested to us under the National Building Economic Stimulus Plan (NBESP). We manage fee-for-service properties on behalf of other organisations. Social Housing Subsidy Program properties are targeted at households on moderate incomes.

## Location

Our properties are predominantly located in Inner Sydney, as well as the Inner West and Eastern Suburbs. Since 2010, we have increased our presence in western Sydney (including the Blacktown and Parramatta LGAs) and the Canterbury and Bankstown areas following the transfer of NBESP properties and our successful tender to manage properties in Canterbury and Bankstown and developments in Bungarabee and Parramatta.

## Type

Our properties are predominantly one and two-bedroom units in two, three and four-storey buildings. We have a smaller number of two and three-bedroom houses. We seek properties that will best match the type and size of our tenant and applicant households.

## Tenancies

### Who we house

The majority of our tenancies are single-person households (59 per cent). The second-largest tenant group is sole-parent households (14 per cent). Couples with and without children make up 13 per cent of the tenancies we manage.

Women predominantly head our tenant households. Their demand for social housing reflects the lower incomes of female-headed households.

## The number of people housed

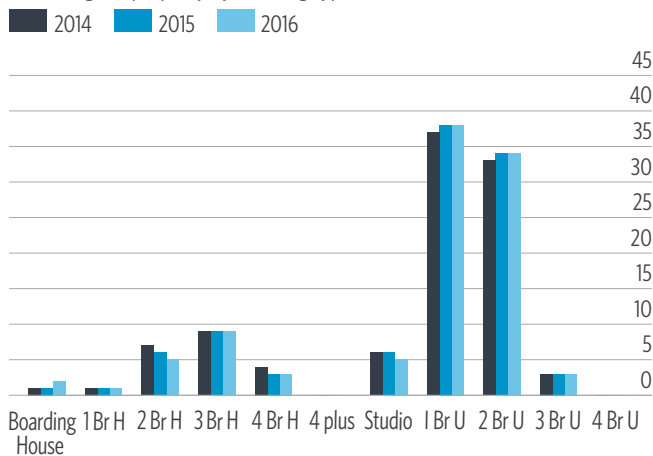
We accommodated 246 new tenants in 2015-16, through vacancies and additions to our property portfolio. There were 103 tenants living in our capital properties; 34 accommodated by our fee-for-service program, and 109 by our leasehold program. This shows the importance of vacancies in creating additional housing opportunities for people on our waiting list. Internal transfers – that is, existing Bridge Housing tenants moving to another Bridge Housing property – helped us meet the changing housing needs of our tenants through the Housing Pathways system by making under-occupied properties available for households with more members.

### How long tenants stay

Bridge Housing provides long-term secure accommodation for low-and-moderate income households in regions with low rental and purchase affordability. Of our tenants, 38 per cent have been with Bridge Housing for more than five years and 63 per cent for more than two years.

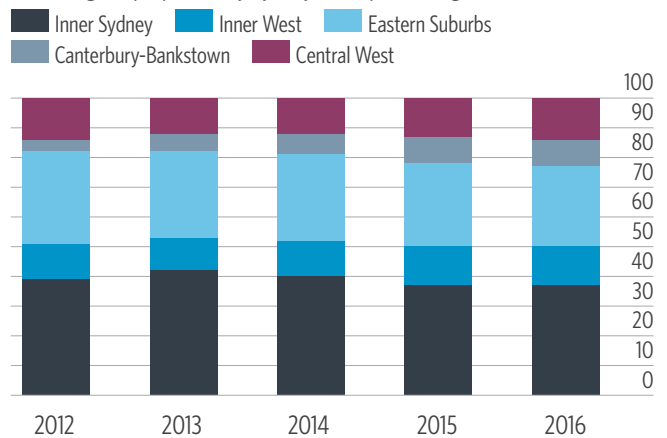
### Property type

Percentage of property by dwelling type and number of bedrooms, 2014-16



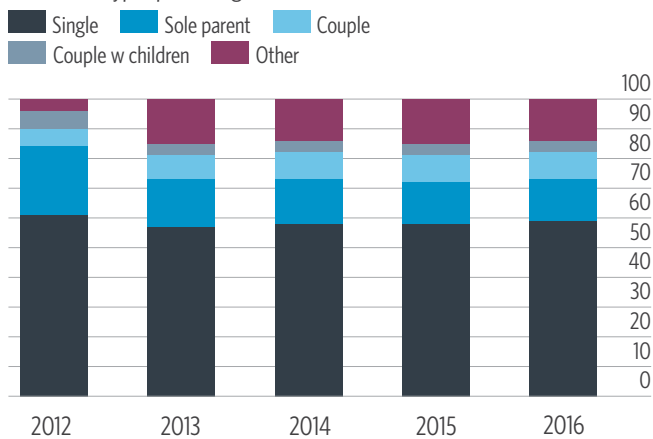
### Property location

Percentage of properties by Sydney metropolitan region, 2012-16



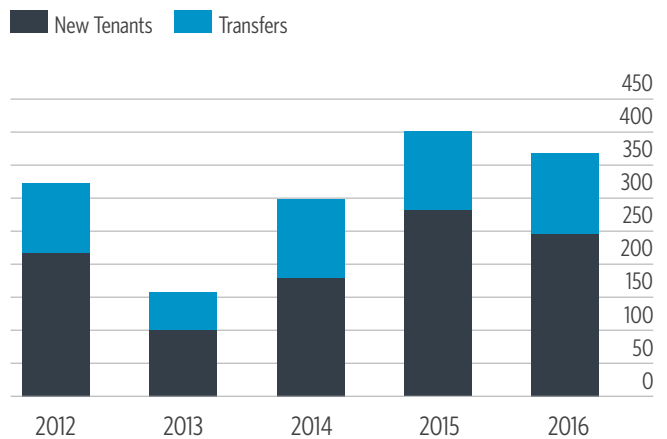
### Household composition

Household type (percentage), 2012-16



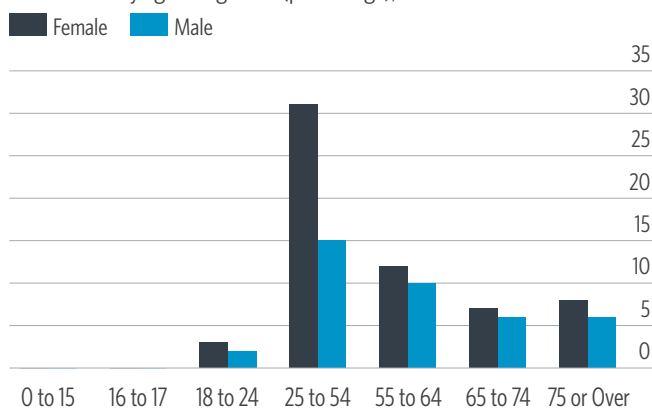
### New tenancies

Number of new tenancies and transfers, 2012-16



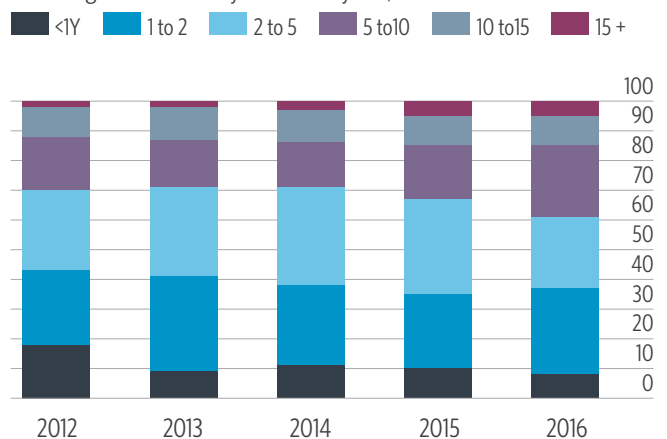
### Gender and age

Head tenant by age and gender (percentage), 2016



### Tenancy

Percentage of tenancies by duration in years, 2012-16



## Income

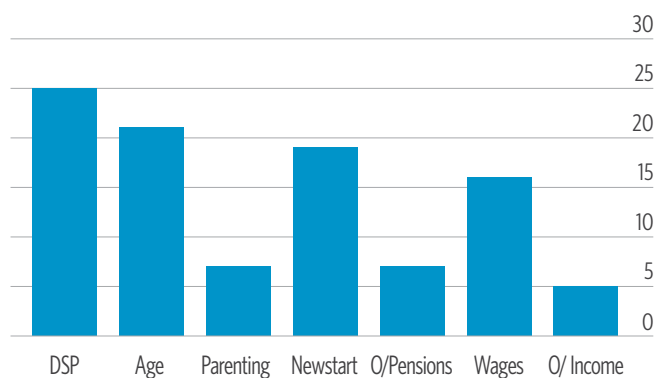
Bridge Housing tenants are predominantly supported by Centrelink (84 per cent), the major categories include: the Aged Pension (21 per cent), Disability Support Pension (25 per cent), Newstart Allowance (19 per cent) and Parenting Payment (7 per cent). Wage earners account for 16 per cent of our tenants, many of whom are in our affordable housing programs.

## Language and Cultural Identification

Bridge Housing tenants and applicants are diverse, both culturally and linguistically. They speak more than 45 languages. After English, the major languages represented are Arabic, Asian and European languages, which together account for almost 20 per cent of all tenants. Seven per cent of tenants are from an Aboriginal or Torres Strait Islander background.

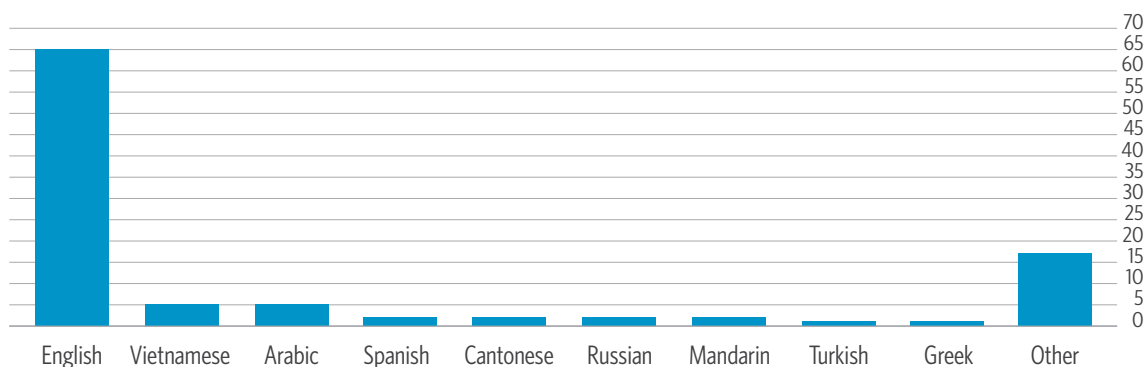
### Income

Tenant income source (percentage), 2016



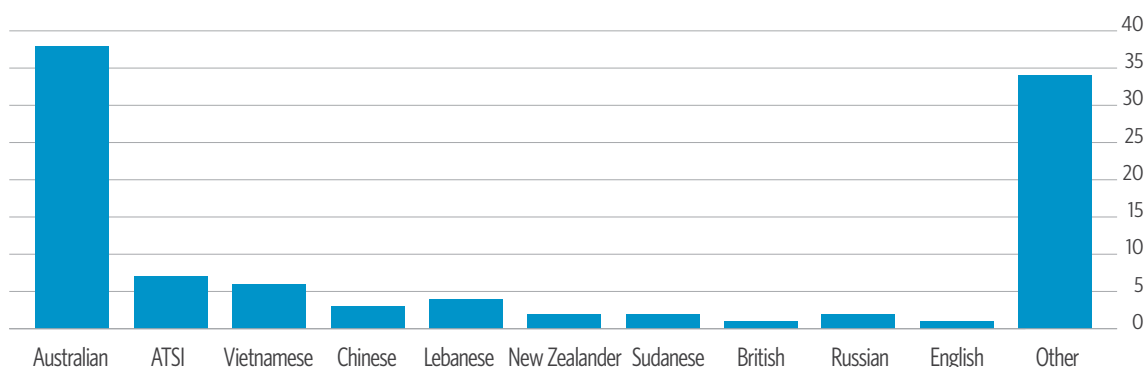
### Language

Preferred language (percentage), 2016



### Cultural identification

Tenant ethnicity (percentage), 2016



# Acknowledging Our Partners

## Thank You



Our support partners assist Bridge Housing maintain sustainable tenancies for the most vulnerable in our community:

Neami National and Community Housing Providers who have supported our Platform 70 Initiative by taking on properties as part of this program: Hume Community Housing, Metro Community Housing, North Coast Housing and St George Community Housing.

Community, Homes and Place and the Land and Housing Corporation in the Department of Family and Community Services for contracting properties and other housing services to Bridge Housing.

Elton Consulting for facilitating our Strategic Planning process for 2015-18 and Business Planning process for 2016-17.

Pamela Pryor, Julia Nunes, Kim Ryan, and Clive Matthews (Chair and Leadership Team - Bridge Housing's Tenant Advisory Group).

The many tenants who contributed to the development of initiatives under Building Bridges - Bridge Housing's Community Building and Engagement Strategy.

Donors to the Bridge Run fundraiser.

# Spotlight 7:

## Caretakers Cottage – Options Youth

Caretakers Cottage (Caretakers) has been providing specialist homeless youth services since 1977. Caretakers is currently the lead agency, in conjunction with the Ted Noffs Foundation, providing youth homelessness services across the South East Sydney region.

Bridge Housing and Caretakers have worked in partnership for 13 years and in 2015-16 this culminated in Bridge Housing taking over property management for all 19 Specialist Homelessness Service properties. Caretakers provides crisis accommodation and wrap-around support for 11 young people under 18 years old and transitional accommodation with support for 54 young people aged 16 to 25 years old.

Under our partnership, Bridge Housing provides property and tenancy management services so that Caretakers can focus in delivering support to young people. Caretakers has a strong focus on child protection and creating supportive and nurturing environments within which young people can grow and realise their best potential. Support provision is tailored to meet the individual needs of a young person. This may include intensive support, where young people are in daily contact with support workers, to less intensive drop-in support for young people on the road to living independently. The support programs provide young people with the opportunity to learn critical life skills before exiting the program and living independently.

Caretakers' data demonstrates a proven track record with the most vulnerable of young people enabling impressive education training and specialist support outcomes, including:

- ▶ 53 per cent of clients obtaining and sustaining employment
- ▶ 25 per cent sustaining participation in education
- ▶ 18 per cent completing formal education
- ▶ 49 per cent commenced or maintained mental health support
- ▶ 14 per cent maintained support for alcohol and other drug addiction.

Further information can be found at: [www.caretakers.org.au](http://www.caretakers.org.au).

The journey for each young person will be different and below is a case study example.

### Case Study Snapshot

18-year-old Sonia\* was referred to Options Youth Housing through a local youth outreach service because she was in need of stable housing. Sonia was sleeping on couches between friends' houses but was unable to return to her family home due to her father's mental health. Sonia was regularly asked to leave home at a moment's notice because of her father's erratic behaviour. She had high levels of anxiety and depression due to the unpredictability of her family home. This had continued on-and-off for around five years.

In between the four months of Sonia's initial referral and availability of a placement with Options, Sonia became pregnant. After discussion with Bridge Housing regarding Sonia's situation she was offered transitional housing in a studio apartment for which Options held the nominations. This was a temporary housing solution for Sonia and while not ideal, because she was pregnant Sonia accepted the offer. She remained well-engaged in case-management support from Options Youth, who were working to find more suitable, longer term housing for Sonia and the baby she was expecting.





Caretakers Cottage Team

Within a short period, and probably as a consequence of living in stable accommodation, Sonia was able to secure part-time work. This meant Sonia was able to purchase baby items and household items she needed to prepare for the birth. In the weeks before the birth, a property under the Specialist Homelessness Services package with Options Youth became available. Bridge Housing managed both properties and was able to facilitate a management transfer from one property to the other to better support Sonia's pathway to independence.

From this more suitable housing, Sonia worked with Options on a savings plan and building links with parenting supports. The main goal for Sonia and her baby is exiting the supported housing into private rental with her partner once she is confident in her parenting and independent living skills.

Presently, Sonia is on unpaid leave from her part-time job and the employer is happy to hold her position for her. She has given birth to a healthy, happy baby girl and both are thriving. Bridge Housing and Options Youth have

partnered effectively to support the safe transition of Sonia from homelessness and couch surfing, to safe and secure housing within which to welcome a new baby. Sonia is making good progress on the challenging road to parenthood and has kept up to date with her tenancy responsibilities, which bodes well for her exit to private rental.

# Glossary and Abbreviations

## Glossary

Affordable housing	Housing that is affordable for households on low to moderate incomes, when housing costs are low enough to enable the household to meet other basic long-term living costs. For example, housing costs should be less than 30 per cent of household income for occupants in the bottom 40 per cent of household incomes.
Commonwealth Rent Assistance (CRA)	A non-taxable Commonwealth Government supplementary payment added to the benefit or family payment of people who rent in the private rental market above applicable rent thresholds.
Community housing	Housing that is managed and sometimes owned by a not-for-profit community organisation.
Homelessness	<p>Over the past 20 years, various definitions of homelessness have been developed and used in Australia and other OECD nations. In 2012, the Australian Bureau of Statistics (ABS) released its definition of homelessness, after some years of discussion and debate. The ABS statistical definition of homelessness is:</p> <p>When a person does not have suitable accommodation alternatives they are considered homeless if their current living arrangement:</p> <ul style="list-style-type: none"> <li>■ is in a dwelling that is inadequate; or</li> <li>■ has no tenure, or if their initial tenure is short and not extendible; or</li> <li>■ does not allow them to have control of, and access to space for social relations.</li> </ul> <p>For further information, visit Homelessness Australia <a href="http://www.homelessnessaustralia.org.au">www.homelessnessaustralia.org.au</a></p>
Housing Pathways	Housing Pathways is a single statewide waiting list. It combines the waiting lists of Family and Community Services and participating community housing providers and replaces the separate lists previously maintained. All new applications are logged on the NSW Housing Register ( <a href="http://www.housingpathways.nsw.gov.au">www.housingpathways.nsw.gov.au</a> ).
Housing stress	The condition of households (in the bottom 40 per cent of income distribution) paying more than 30 per cent of their gross income on mortgage or rental repayments.
Lower-income household	A household with income in the bottom 40 per cent of all household income distribution.
Nation Building Economic Stimulus Plan (NBESP)	The Australian Government's \$42 billion investment in stimulating the economy during the global financial crisis in 2008–09. NSW received \$2 billion to deliver around 6,000 social housing homes by June 2012. The NSW Government invested an additional \$1 billion to deliver an additional 3,000 homes, and \$130 million for the periods 2008–09 and 2009–10 to reduce the backlog of maintenance, and upgrade 31,000 social housing homes. The majority of the 6,000 dwellings were scheduled to have title vested to community housing providers through tender. Bridge Housing secured 240 dwellings, predominantly in Parramatta and Bankstown.
National Housing Supply Council	<p>The Council was established by the Australian Government in May 2008 to monitor housing demand, supply and affordability in Australia, and to highlight current and potential gaps between housing supply and demand from household.</p> <p>The Council was abolished in May 2014</p>
National Rental Affordability Scheme (NRAS)	<p>An Australian Government scheme that commenced on 1 July 2008, providing annual incentives to institutional investors and other eligible bodies for 10 years to create 50,000 new affordable rental properties rented to low income and moderate income families at 20 per cent below market rents.</p> <p>The Scheme was abolished in May 2014</p>
Property Transfer Program	A Family and Community Services program to transfer the management of all or part of public housing estates to community housing providers. This involved the transfer of 3,000 properties over 2009–10 to selected community housing providers under the 2008–09 Community Housing Allocation Policy. Bridge Housing was allocated 196 properties on the South Coogee and Balmain Estates.

Rough sleepers	See Homelessness
Social housing	Rental housing that is provided and/or managed by government or non-government organisations, including public and community housing.
State Environmental Planning Policy (SEPP)	SEPPs deal with issues significant to the state and people of NSW. The SEPP No 70: Affordable Housing (2009) establishes a consistent planning regime for the provision of affordable rental housing. The policy provides incentives for new affordable rental housing, facilitates the retention of existing affordable rentals, and expands the role of not-for-profit providers. It also aims to support local centres by providing housing for workers close to places of work, and facilitate development of housing for the homeless and other disadvantaged people. For further information, visit <a href="http://www.planning.nsw.gov.au">www.planning.nsw.gov.au</a> .
Sydney Metropolitan Area	This incorporates the following local government areas: Ashfield, City of Auburn, Bankstown City, Blacktown City, Blue Mountains City, Botany Bay City, Burwood, Camden, Campbelltown City, Canada Bay, Canterbury City, Fairfield City, Hawkesbury City, Holroyd City, Hornsby, Hunters Hill, Hurstville City, City of Kogarah, Ku-ring-gai, Lane Cove, Leichhardt, Liverpool City, Manly, Marrickville, Mosman, North Sydney, Parramatta City, Penrith City, Pittwater, Randwick City, Rockdale City, Ryde City, Strathfield, Sutherland Shire, City of Sydney, The Hills Shire, Warringah, Waverley, Willoughby City, Wollondilly and Woollahra.
Vacancy rate	This indicates sufficient turnover of rental properties to accommodate demand from renters. It is generally acknowledged to be 3 per cent of rental properties.

## Abbreviations

<b>AHWG</b>	Affordable Housing Working Group	<b>ICT</b>	Information and communication technology
<b>AGM</b>	Annual General Meeting	<b>JTAP</b>	Joint Tenancy Accommodation Program
<b>AICD</b>	Australian Institute of Company Directors	<b>KPI</b>	Key performance indicator
<b>ASX</b>	Australian Securities Exchange	<b>LAHC</b>	Land and Housing Corporation
<b>ATTAG</b>	Aboriginal and Torres Strait Islander Tenant Advisory Group	<b>LGA</b>	Local government area
<b>CEO</b>	Chief Executive Officer	<b>NAHA</b>	National Affordable Housing Agreement
<b>CHLP</b>	Community Housing Leasehold Program	<b>NBESP</b>	Nation Building Economic Stimulus Plan
<b>CLERP 9</b>	Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004	<b>NDIS</b>	National Disability Insurance Scheme
<b>DA</b>	Development application	<b>NRAS</b>	National Rental Affordability Scheme
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation	<b>NRSCH</b>	National Regulatory System for Social Housing
<b>EOS</b>	Employee Opinion Survey	<b>NSWFHA</b>	NSW Federation of Housing Associations
<b>FACS</b>	Family and Community Services	<b>PDP</b>	Professional Development Process
<b>FDSH</b>	Future Directions for Social Housing	<b>SAHF</b>	Social and Affordable Housing Fund
<b>HNSW</b>	Housing NSW	<b>SEPP</b>	State Environmental Planning Policy
<b>HPA</b>	Home Purchase Assistance	<b>SOPA</b>	Sydney Olympic Park Authority
		<b>TAG</b>	Tenant Advisory Group

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the 'information' and 'communication' fields. The 'information' field is defined as:

...the study of the nature, uses and functions of information, and the ways in which it is created, communicated, disseminated and stored. (p. 1)

The 'communication' field is defined as:

...the study of the nature, uses and functions of communication, and the ways in which it is created, communicated, disseminated and stored. (p. 1)

The 'information science' field is defined as:

...the study of the nature, uses and functions of information science, and the ways in which it is created, communicated, disseminated and stored. (p. 1)

The 'information technology' field is defined as:

...the study of the nature, uses and functions of information technology, and the ways in which it is created, communicated, disseminated and stored. (p. 1)

The 'information systems' field is defined as:

...the study of the nature, uses and functions of information systems, and the ways in which it is created, communicated, disseminated and stored. (p. 1)

The 'information management' field is defined as:

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The 'information policy' field is defined as:

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The 'information law' field is defined as:

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The 'information ethics' field is defined as:

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The 'information education' field is defined as:

...the study of the nature, uses and functions of information education, and the ways in which it is created, communicated, disseminated and stored. (p. 1)





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