





Contents

About This Report	2
Highlights	4
Bridge Housing Profile	6
Our Portfolio	8
Our Journey	9
Chairman's Report	10
Chief Executive Officer's Report	12
Spotlight 1: Fit for Growth	17
Our Performance	18
Housing Affordability	28
Spotlight 2: New social and affordable housing in Parramatta	32
Operating Environment 2016-17	34
How We Operate	39
Our Board of Directors	40
Our Executive Team	42
Spotlight 3: Hand Up	44
Our People	46
Our Governance	52
Spotlight 4: Reconciliation Action Plan	58
Operations Report	60
Spotlight 5: The Difference We Make	68
Development Report	70
Spotlight 6: Finance and Corporate Services	76
Finance and Corporate Services Report	78
Financial Summary 2016-17	86
Bridge Housing in the Community	92
Key Facts	94
Acknowledging Our Partners	97
Glossary and Abbreviations	98
Index	100

About this Report

The Bridge Housing Limited Annual Report for 2017 is a summary of our operational and financial performance during the 2016-17 financial year. It explains how we work to improve lives and strengthen communities through the provision of safe, affordable housing.

To assess how well we are performing, we have measured our outcomes for 2016-17 against the targets in our [Strategic Plan 2015-18](#). Further details about these targets are contained in our [Business Plan 2016-17](#).

This report contains digital links to further information which are indicated by underlining in blue or a video icon.

Our Audience

This report is primarily targeted to the following stakeholders: residents, applicants and recipients of our housing management services; members of Bridge Housing Limited; federal and state government partners; the private sector partners who help us deliver more affordable housing; support partners that provide services to our most vulnerable tenants and the 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 we pay our 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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Our Values

Socially responsible	We are committed to encouraging social inclusion and improving the lives of the people and communities we support.
People-focused	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.
Committed and passionate	We put our hearts and minds into our work. We value and encourage innovation and continually seek to improve our performance.
Build relationships	We build relationships based on trust and respect to create positive outcomes for the people and communities we serve.
Professionalism and integrity	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

Every three years we develop a strategic plan to help us achieve our mission. It identifies the critical factors for success for Bridge Housing, which we then implement through our annual business plans.

The critical factors for our [Strategic Plan 2015-18](#) 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 profit.

In this report, we detail our performance against our business plan objectives for 2016-17, 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 2016](#).

Our Services

We utilise our property portfolio to provide long-term accommodation for people on low-to-moderate incomes. Bridge Housing owns 331 properties and manages 725 properties owned by the NSW Land and Housing Corporation (LAHC), the public housing authority within the NSW Department of Family and Community Services (FACS).

We also:

- ▶ lease 641 properties from the private rental market
- ▶ manage 191 properties on behalf of other organisations and individuals
- ▶ acquire and develop new properties
- ▶ provide responsive and planned maintenance services on a property portfolio valued at \$456 million.¹

We provide services across the spectrum of social and affordable housing. We meet the needs of the most disadvantaged people in the community - those who require assistance to maintain a sustainable tenancy - by working with more than 20 support partners under formal agreements and many more services that support individual tenants. (See [Acknowledging Our Partners](#) on page 97 for more details.)

¹ This is based on an average value per unit of \$400k and \$580k 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 1,064 properties. Leasehold and fee-for-service properties are excluded.

Highlights

STOP PRESS!
In October 2017 Bridge Housing, with Women's Housing Company, secured the Northern Beaches package of 1200 properties in the Social Housing Management Transfer Tender.

2016-17 was another successful year for Bridge Housing. We continued to improve the business and our service delivery as we prepared the organisation for growth through the [Social Housing Management Transfer Program](#) (see Spotlight 1 - Fit for Growth).

We continued to deliver against our [Business Plan](#) and [Three Year Strategic Plan](#) while preparing the business for growth.

During the year we completed our first round of property development projects, secured a future pipeline of new properties, commenced construction of 158 units and are looking to finalise contract negotiations for a further 45 units.

We improved the way our business engages with the community through a raft of initiatives.

Meeting affordable housing need by increasing our property portfolio

In 2016-17 our portfolio increased from 1,776 properties to 1,915 properties. This portfolio growth was slightly ahead of our plan (1,882). We continued to build our development pipeline which will see nearly 400 new properties added to our portfolio over the next four years.

Bridge Housing submitted our Tender for the [Social Housing Management Transfer Program](#) in May 2017 in partnership with Women's Housing Company. We were advised in September 2017 that we had won the Northern Beaches package.

Key highlights of the year include the completion of all our social and affordable housing developments:

- completion and tenancing of 65 affordable housing dwellings in the Bunya estate, of which 31 dwellings have been retained by Bridge Housing and 34 sold to and managed on behalf of private investors for a minimum of 10 years
- completion and tenancing of nine self-contained studio apartments for older single women in Ashfield
- completion and tenancing of 38 units at Parramatta, a mix of social and affordable housing

- commencement of construction on Elger St, Glebe, forecast to deliver 158 senior housing dwellings by May 2018
- growth in our fee-for-service affordable housing management by 65 properties (50 per cent)
- won the contract to manage Canada Bay's affordable housing program of 27 properties
- preparation for the transfer of 54 properties at Balmain as part of the [Social Housing Management Transfer Program](#) in July 2017
- commenced project management for the construction of 50 Communities Plus dwellings on behalf of the Land and Housing Corporation for eventual management by Bridge Housing
- won a tender for the management of 28 group homes in partnership with Achieve Australia.

Delivering quality homes and housing services

We continued to deliver high quality services over the year, with stronger integration across the Asset and Housing Teams as a result of the restructure of Bridge Housing's front-line service delivery.

Our voids and vacancies have been reduced to below the National Regulatory Scheme KPI and arrears continue to track at levels significantly below benchmark. Our key service improvements include:

- establishment of an online Customer Service Training Program for all staff and use of mystery shopping to monitor our service delivery

- monitoring of our repairs and maintenance, which revealed 90 per cent tenant satisfaction
- introduction of a new head contract for our lawns, grounds and cleaning and fire safety services
- completion of our largest maintenance program, including 4,641 responsive planned, vacant and cyclical maintenance at a cost of \$3.7 million.

We are in the third and final year of our Community Building Strategy, Building Bridges. Significant progress includes:

- a positive evaluation for [Hand Up](#) (see Spotlight 3 - Hand Up, page 44), our innovative arrears management program
- helping establish a Vietnamese Tenant Group via our Tenants in Operations and Planning initiative
- launching our [Reconciliation Action Plan](#) (see Spotlight 4 - Reconciliation Action Plan, page 58) developed in partnership with the Aboriginal Tenant Advisory Group
- developing Bridge Housing's place making approach for working in new communities - [Places People Want to Live](#).

Effective governance

Bridge Housing has developed a very strong governance culture and has sought to be a leader in the community housing and the not-for-profit sectors. This is reflected through the following outcomes in 2016-17 where we:

- undertook an external Board review
- maintained our Tier 1 registration under the National Regulatory System after our third compliance assessment in December 2016

developed a Risk Appetite Statement to better guide decision making by the Board to augment our robust Risk Management Plan.

Managing the Business Sustainably

We delivered an operating EBITDA surplus of \$1.4 million in 2016-17, compared to \$1.1 million in 2015-16, a 27 per cent increase. After one-off profits from other activities our total EBITDA was \$4.7 million with a net profit of \$3.7 million.

Our arrears remained low at 1.5 per cent, well below the Regulator's benchmark of 2.5 per cent. Voids and vacancies both improved significantly, to 19 and 11 days respectively, well below the Regulator's benchmark.

We continued to develop systems and processes to improve business sustainability. This included upgrading SDM, our enterprise ICT system, and increasing the efficiency of our rent calculation module to manage 1,800 rent calculations twice a year.

Supporting our people and improving our workplace

We undertook our sixth consecutive [Employee Opinion Survey](#) and increased our staff engagement score to 79 per cent from 73 per cent (see Our People section on page 46). We continue to score very strongly in key organisational measures such as

organisational progress, direction and ratings of our mission and values.

We also employed a full-time Human Resources Manager during the year to enhance the depth, knowledge and skills of our leadership team as we prepare for growth.

Increasing Our Profile

Bridge Housing significantly increased our use of social media platforms over 2016-17, using [Facebook](#), [Twitter](#), [LinkedIn](#) and [YouTube](#). We improved our level of engagement with stakeholders and tenants across each of the platforms – see the infographic on page 16.

Challenges

The major challenge we faced during the year was ensuring that we continued to work and focus on the current business and clients while we planned and prepared for possible future growth. This planning and the subsequent tender preparation absorbed a lot of management bandwidth but it was pleasing that all staff stepped up during this period to ensure there was no impact on our service delivery or achievement of current business objectives.

Awards and recognition

We secured national awards for the transparency and continuous improvement of our annual reporting,



earning a fifth consecutive Gold Award for our Annual Report 2016 at the 2017 Australasian Reporting Awards and becoming a finalist for Report of the Year.

We were also highly commended for Provider of the Year at the NSW Australasian Housing Institute Awards for Professional Excellence in Housing.

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.

Operating Income \$32.6m (excluding one off items)	▲ 9%
Operating Expenses \$31.4m (excluding depreciation and interest)	▲ 8%
Operating Profit \$1.4m	▲ 27%
Net Assets \$128m	▲ 2%

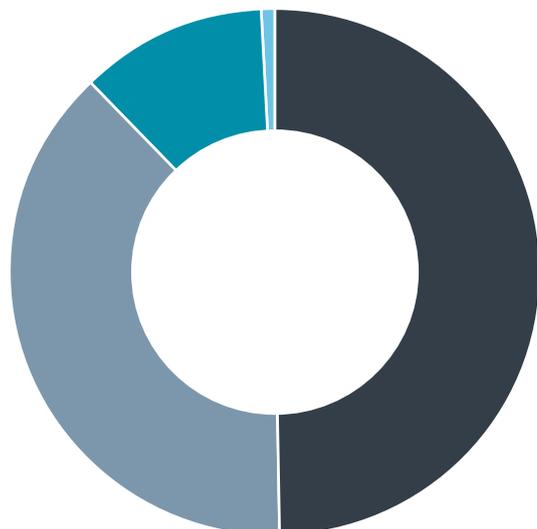
See the Financial Summary on page 86 for further details.

Key results, at a glance

Our sources of revenue 2016-17

Expressed as a percentage of total income

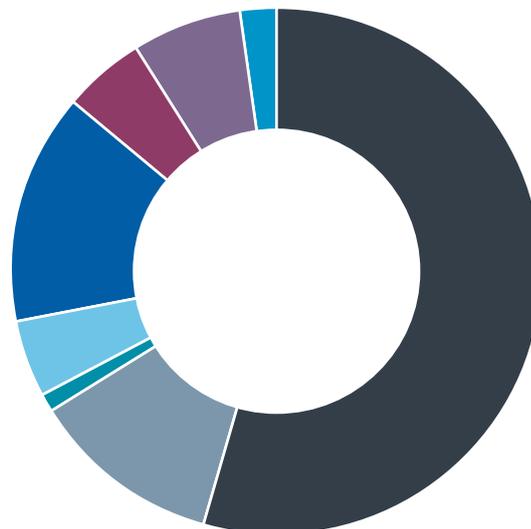
- Rental Income
- Govt Grants - Operating
- Other
- Bank Interest



Our expenses 2016-17

Expressed as a percentage of total expenditure

- Rents paid
- Maintenance
- Insurance & other property expenses
- Depreciation
- Management expenses
- Rates and utilities
- Administration expenses
- Interest Expense



Bridge Housing Profile

Bridge Housing Limited is a Tier 1 community housing provider, registered under the National Regulatory System for Community Housing, and based in Redfern, Sydney. We provide affordable housing solutions to moderate-to-low income households across the Sydney metropolitan area. At 30 June 2017, Bridge Housing owned or managed 1,915 properties and operated across 14 new local government areas (LGAs), as illustrated by the map on page 8.

Where we started

Bridge Housing Limited began as the South West Inner Sydney Housing Cooperative in 1985. Following a series of amalgamations (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.

We drive growth with three-year strategic plans and annual business plans. In the three years to 2009 we grew the portfolio from 650 to 1,100 homes. Our Strategic Plan 2009-12 built our organisational capacity to include procurement, property development and greater community engagement. We increased our property portfolio to 1,552 properties, assisting 2,790 people by providing secure, affordable housing. Our Strategic Plan 2012-15 continued this focus, increasing the portfolio to 1,716 homes in 2015, and we expanded our area of activity across a total of 14 post-merger LGAs.

This report details our performance against the targets we set in our Strategic Plan 2015-18 and Business Plan 2016-17. During this period, we grew the portfolio by a further 199 homes, assisting more than 3,100 tenants and their

families, and positioned ourselves for further and significant growth.

People & properties

Bridge Housing has responded to the most significant growth opportunity in the sector, the NSW Government's [Social Housing Management Transfer Program](#) (SHMTP) under the Future Directions for Social Housing in NSW plan.

14,000 social housing properties across NSW will be transferred to community housing management. Approximately 4,700 properties are located in Northern Sydney. In May 2017 Bridge Housing submitted a Tender for one of the three metropolitan packages. In late September 2017 Bridge Housing was one of nine successful tenderers securing the Northern Beaches Package of 1,200 properties.

Growth scenario to 2018

We are on track to deliver on our [Strategic Plan 2015-18](#) growth target to increase the portfolio to at least 2,000 properties by June 2018 through a combination of development and organic growth. Our focus in 2017 has been to ensure that

we are structurally 'fit for growth' on a much greater scale whilst sustaining high levels of service and staff engagement.

Growth scenario to 2021

In the period of our next Strategic Plan 2018-2021, we will deliver Communities Plus projects that will provide up to 105 new social or affordable homes. Communities Plus projects are mixed-tenure redevelopment sites owned by LAHC for the development of a mix of social, affordable and private housing.

With success in the SHMTP, Bridge Housing will increase its portfolio to about 3,300 by June 2019, or 70 per cent.

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

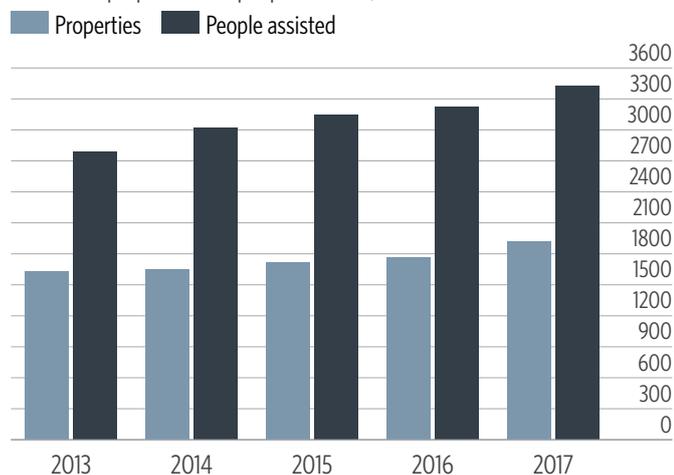
Program descriptions

Vested properties

Bridge Housing successfully tendered for a package of 242 Nation Building Economic Stimulus Program (NBESP) properties in the Parramatta and Holroyd LGAs in 2010. They were vested

People & Properties

Number of properties and people assisted, 2013-17



Program	Social housing	Affordable housing	Total	Supported housing ²
Owned (vested)	265	66	331	77
Part equity	2		0	
Social Housing Subsidy Program		27	27	1
Community Housing Leasehold Program (CHLP)				
Capital program	706		706	107
Private rental	641		641	169
Leased FACS (scheduled for redevelopment)	19		19	9
Fee-for-service				
Local government	54	29	83	2
NSW Government (JTAP/HPA)	1		1	
Other community organisations	8		8	3
Private affordable		99	99	
Total	1,694	221	1,915	368

by the NSW Government in two tranches - 163 properties in 2010-11 and 79 properties in 2013-14. Title was transferred 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. The program aimed 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 LAHC through the Community Housing Agreement. Properties include existing public housing, such as the South Coogee and Balmain estates, 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).

Leasehold properties

Bridge Housing operates the largest leasehold program in Australia, managing just over 10 per cent of the NSW program. 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 general housing subsidies for 5,626 approved leases across NSW, held by 23 community housing providers. In 2015-16, the subsidy cost was \$71 million.

Following a government review, funding arrangements changed in 2014-15 from separate payments for management, maintenance and rental subsidy to a block payment, which the provider manages.

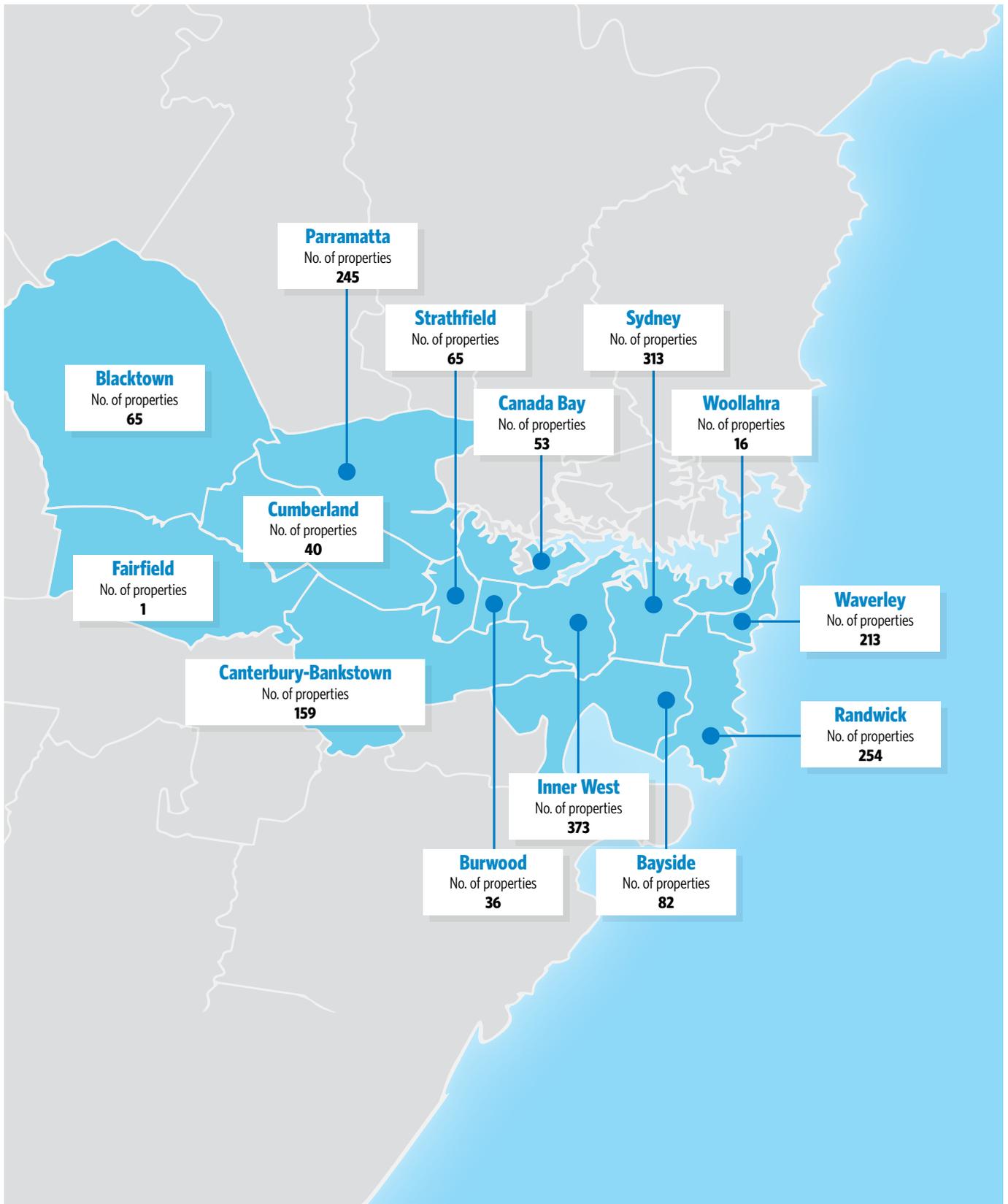
We also lease properties in the private rental market to meet specific government programs. During 2016-17, we leased 641 properties from private landlords. Our capacity to source private rental properties will be enhanced by our new Home Ground not-for-profit real estate agency from early 2018.

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. In 2016-17 we managed 99 (affordable and social) properties on a fee-for-service basis for clients including Sydney Olympic Park Authority, Waverley Council and Canada Bay Council.

² Supported housing is a subset of the total social housing dwellings, making the total number of properties 1,915.

Our Portfolio



Our Journey

<p>1985/86</p> <ul style="list-style-type: none"> South West Inner Sydney Housing Cooperative opens its doors with 35 homes for families on low incomes 	<p>1993/94</p> <ul style="list-style-type: none"> Amalgamation with the Inner West Housing Association 	<p>1997/00</p> <ul style="list-style-type: none"> Portfolio growth from 155 to 419 properties through increase in capital and leasehold properties 	<p>2001/02</p> <ul style="list-style-type: none"> Merger with Darlinghurst Area Community Housing Scheme.
<p>2008/09</p> <ul style="list-style-type: none"> Portfolio growth to 1,180 properties Reincorporate as Company Limited by Guarantee and change name to Bridge Housing Limited Transfer 117 properties from Burwood Area Community Housing Win Affordable Housing Initiatives Program tender to purchase 8 units Amalgamate with Eastern Suburbs Rental Housing Association 	<p>2009/10</p> <ul style="list-style-type: none"> Portfolio growth to 1,282 properties Amalgamate with Eastern Suburbs Rental Housing Association Registered as a Class 1 Community Housing Provider Transfer 96 public housing tenancies in South Coogee and Balmain to Bridge Housing management Tenant Advisory Group (TAG) established 	<p>2010/11</p> <ul style="list-style-type: none"> Portfolio growth to 1,473 properties 	
 <p>2011/12</p> <ul style="list-style-type: none"> Launch Platform 70 program to house 70 rough sleepers from Woolloomooloo in private rental market Win tender from Housing NSW to redevelop Elger Street Glebe public housing into 153 seniors homes Win Housing NSW tender to manage 128 properties to be built in Canterbury-Bankstown LGA 	<p>2012/13</p> <ul style="list-style-type: none"> Win 240 Nation Building properties with title and commitment to develop 75 new properties over 10 years Win tender to manage Waverley Council's social and affordable housing portfolio of 79 properties Platform 70 meets its target and is extended to house 30 more rough sleepers 		
<p>2013/14</p> <ul style="list-style-type: none"> Win Urban Growth NSW tender to develop 62 affordable homes in Bungarribee in western Sydney to meet Nation Building leveraging target Win tender to manage up to 50 homes in Sydney Olympic Park Authority Affordable Housing portfolio 	<p>2014/15</p> <ul style="list-style-type: none"> Launch Building Bridges tenant engagement plan Win tender to manage 18 new units in Telopea Begin social media engagement and launch Bridge Business e-news and Rent Online digital rent statements Secure \$18 million debt facility with National Australia Bank Registration as a Tier 1 provider under the National Regulatory System 		
<p>2015/16</p> <ul style="list-style-type: none"> Win tender to manage 27 City of Canada Bay affordable homes Launch innovative <u>Hand Up</u> arrears management program Renovate and tenant nine units for older, single women in Ashfield Commence streamlined contract maintenance system and launch new customer service standards 	<p>2016/17</p> <ul style="list-style-type: none"> Launch \$25 million development of 65 affordable homes in Bungarribee Complete 38 social and affordable housing units in Collett Parade Parramatta Establish new not-for-profit real estate business Launch <u>Reconciliation Action Plan 2017-19</u> Develop <u>Places People Want to Live</u> place making approach 		

Chairman's Report

It is with great pleasure that I present the Chairman's report for 2016-17 and I am delighted to say that Bridge Housing has substantially achieved its targets in Year Two of our three-year [Strategic Plan](#). Bridge Housing is now poised to manage significant growth in its portfolio and will exceed the target of achieving a portfolio of 2,000 properties, via organic growth, by 2018. I'm particularly pleased to share that we were successful in our [Social Housing Management Transfer Program \(SHMTP\) Tender](#) which will grow Bridge Housing by 70 per cent by 2019

As reported elsewhere in this Annual Report, we have been successful in the SHMTP and Communities Plus, although unsuccessful in the Social and Affordable Housing Fund. Bridge Housing's growth since 2009 has resulted from successful tendering, which in turn, is based on our ability to deliver the outcomes sought by government. While Bridge Housing was unsuccessful in the first round of the Social and Affordable Housing Fund, we recognise as a mature organisation that you do not secure every tender for which you bid, and we learn from every experience so we can improve in the next tender.

Our Fit For Growth project was a critical factor in preparing Bridge Housing for its next stage of significant growth through the SHMTP and a key element in our Strategic Plan. We rigorously analysed and prepared all parts of our business to be growth ready. We reaped the investment through securing one of the SHMTP metropolitan packages when it is announced in late 2017.

I'm proud of Bridge Housing's innovation, reflected in the success of our [Hand Up](#) program to ensure we work hard to sustain tenancies, and the release of our outcomes framework, [The Difference We Make](#). To ensure we are ready to manage larger housing estates, we also developed our place making strategy, [Places where People want to Live](#).

Domestic violence is a scourge in our society, predominantly affecting women and their children, and is one of the main causes of homelessness. Bridge Housing works with support partner agencies to provide secure accommodation for victims of domestic violence. We also believe that no one is immune from domestic violence, that it is a workplace issue and we should do everything to support our staff who are experiencing domestic violence. I'm proud that over the past year we have prepared for White Ribbon accreditation to heighten the visibility of violence against women as a workplace issue. We have ensured we have a supportive workplace, by instituting paid domestic violence leave to assist our staff. We will know the outcome of our accreditation in September 2017.

The launch of our [Reconciliation Action Plan](#) is the culmination of another critical initiative to engage Bridge Housing with our Aboriginal and Torres Strait Islander communities. Our Vision for driving the actions in the [Reconciliation Action Plan](#) is:

To work together with Aboriginal and Torres Strait Islander communities to create homes, places and spaces that are welcoming, safe and appropriate for Aboriginal and Torres Strait Islander people and their families. We celebrate and promote the strengths and resilience of Aboriginal and Torres Strait Islander peoples and acknowledge the history of dispossession and the impact this has today.

I thank the Aboriginal and Torres Strait Islander Advisory Committee for sharing their stories and their immense contribution in assisting Bridge Housing to develop our [Reconciliation Action Plan](#).

The Board was also pleased with our increasing use of social media to tell Bridge Housing stories and present a picture of the totality of our work.

Policy environment

Our Operating Environment on page 34 provides a comprehensive analysis of the impact of current federal and state government policy on affordable housing supply and the community housing sector. It is positive that both federal parties are seeking to source cheaper institutional funds through a bond aggregator, notwithstanding their other housing policy differences. Both major federal parties also wish to seek a new deal with the state governments in the negotiations on the National Housing and Homelessness Agreement. Providers would still require a subsidy to meet the difference between the return required by institutional investors and the income generated from tenant rents, the majority of whom are on very low to moderate incomes.³ Neither the government nor opposition has yet made any policy commitments on the subsidy or how it may be funded. Unless this is resolved, the supply of social and affordable housing will be unable to meet increased demand.

³ Over 85 per cent of Bridge Housing's tenants depend on income support. See Key Facts page 94 of this Annual Report.

At present, there are 60,000 people on the social housing waiting lists in NSW. 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. By 2031, Sydney's population is forecast to grow by 1.6 million which will require 660,000 additional new dwellings. The NSW Housing Federation estimates that a minimum 100,000 new social housing dwellings are required to meet existing and future demand. It is evident in our analysis in Housing Affordability on page 28 that more intervention is necessary and, to this end, a response is required to this growing crisis from the NSW Government, beyond the supply mantra.

Governance

We continually work to improve Bridge Housing's governance culture and practice. We believe that this leads to a better functioning organisation. 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 success is built on a positive relationship between the Board and management and a clear understanding of the respective responsibilities.

Bridge Housing has a regular cycle of external board reviews to ensure that our governance processes are consistent with contemporary practice. This year we engaged Board Room Consulting to undertake the review. The outcomes of the review are detailed in Our Governance on page 52. The review considered, amongst other matters, the best composition for the Board as it drives Bridge Housing's strategic response over the next five years, in the context of Future Directions and the Federal Government's re-entry into social and affordable housing policy. The review also considered if Bridge Housing

should have tenant representation on the Board. The Board accepted the recommendation that there should not be any separate tenant representation on the Board and will continue to build on our existing strong tenant engagement to ensure that the broadest range of tenant views are sought to provide advice and feedback on Bridge Housing services.

This decision is consistent with our governance principles. Since 1994 Bridge Housing has been required to have a skills-based Board, which is the basis of selection of directors to the Bridge Housing Board. It is also consistent with the *Corporations Act*, with directors' paramount interest being to serve the interests of the company as whole. This does not exclude any tenant of Bridge Housing from applying to become a director, as long as they meet one of the skills categories set out in the Constitution.

Transparency is central to our governance culture, reputation and accountability to stakeholders. It helps to build the credibility of Bridge Housing and that of the community housing sector. During the year, our transparency in external reporting was acknowledged by our fifth consecutive Gold Award in the 2017 Australasian Reporting Awards for our Annual Report 2016. We were particularly honoured to be shortlisted

for Annual Report of the Year and to be 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 give on a voluntary basis.

Thank you also to the many tenants who have engaged with Bridge Housing through our formal tenant engagement structures, such as the [Tenant Advisory Group](#), [Aboriginal and Torres Strait Islander Advisory Group](#), Vietnamese Tenant Group and the Coordinating Committee.

It has been a pleasure to work closely with Bridge Housing's Chief Executive Officer, John Nicolades, and I thank John, his leadership team and all Bridge Housing staff who continue to deliver great results to our residents.



Mark Turner
Chairman



Chairman Mark Turner and CEO John Nicolades

Chief Executive Officer's Report

Bridge Housing delivered on the second year of our [Strategic Plan 2015-18](#) by substantially completing our first three social and affordable property developments, securing a property development pipeline through NSW Government Community Plus tenders, and operating in a financially prudent manner. We also expanded our community building activities, delivered program and service innovation, maintained our diverse property portfolio, and built our capacity to take advantage of the growth opportunities through Future Directions, the [Social Housing Management Transfer Program](#) and the Social and Affordable Housing Fund. Another significant initiative this year was the launch of our first [Reconciliation Action Plan](#).

Strategic portfolio growth

I am delighted to report that 2016-17 was another successful year for Bridge Housing. The progress in our property development program and the expansion of our property development capacity and expertise are now key parts of our business. We also responded to the NSW Government's long-awaited social housing strategy, Future Directions for Social Housing in NSW, and the Social and Affordable Housing Fund. These are detailed in the Operating Environment section on page 34. We feel confident that we will not only meet our growth target of 2,000 properties by 2018, but will deliver further properties beyond 2018.

Bridge Housing completed its first property development cycle in 2016-17 by delivering 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.

We also added to our portfolio through the purchase of four 2-bedroom units for affordable housing in Randwick

in a new joint venture with Waverley Council. We completed negotiations on the Deed of Agreement for Elger St Glebe, which will deliver 158 social housing dwellings by May 2018, on a mixed tenure site that will include affordable and private housing.

We have actively engaged in Communities Plus rounds. In Seven Hills we will deliver 20 social housing and 25 affordable dwellings on a mixed tenure site, and on a site in Parramatta we will deliver 240 dwellings, of which 60 will be social housing. We also secured the management tender for Canada Bay Council's affordable housing program for five years.

While not successful in the first round of the Social and Affordable Housing Fund, we learnt from the experience and applied this knowledge to other tenders. In May we tendered for all three packages in metropolitan Sydney in the [Social Housing Management Transfer Program](#) in partnership with the Women's Housing Company. Bridge Housing secured the Northern Beaches package of 1,200 properties. By June 2019 when the transfer is completed our portfolio will have increased by 70 per cent as will our operating region. We also submitted a tender, in partnership with disability support provider Achieve

Australia, to provide property and maintenance services in 28 group homes that accommodate 140 high needs clients. See our Development Report on page 70 for further detail.

High-quality services

Bridge Housing remained at the forefront of service innovation in 2016-17 through our customer service, maintenance, improved amenity and a place-making approach to building communities. I am pleased to report that Bridge Housing, through our focus on developing and maintaining high quality service delivery, is well on the way to meeting or exceeding the challenges posed by Future Directions.

Our 2017 Tenant Survey, which had a 45 per cent response rate and an overall satisfaction rate of 84 per cent, is testament to this. We also received high ratings - at or above sector benchmarks - for property condition, neighbourhood and tenant engagement. Our complaints handling processes only achieved 47 per cent, below the sector benchmark of 51 per cent, so we are developing an action plan to improve our performance over 2017-18. 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 across all areas of the business. We undertook our third customer service benchmarking in early 2017 and trained tenants to be 'mystery shoppers'. The survey showed improvements in the use of telephone and email communication.

Last year I reported on the launch of our innovative [Hand Up](#) program, which enables tenants facing eviction because of significant unpaid rent to save their tenancy and get their lives back on track by 'repaying' their rental arrears through alternative means. The program was independently and positively evaluated as assisting 13 tenants and will now become part of Bridge Housing's Business as Usual program. The [Hand Up](#) Spotlight on page 44 provides more detail.

We launched [Places People Want To Live](#), Bridge Housing's approach to place making. It was informed by local and international good practice, and will guide us in managing any larger estates we secure through the SHMTP. An emphasis on measuring outcomes for tenants is a key feature of Future Directions, so Bridge Housing is developing the Difference We Make framework to evaluate and track the effects of our service delivery and will align it with the NSW Government's Human Services Outcomes Framework. The Difference We Make will be used to drive service improvement and guide resource allocation and investment decisions. The Difference We Make Spotlight on page 68 provides further detail.

Building Bridges, our three-year community-building strategy, moved into its final year. A comprehensive report on activities is available in our Operations Report on page 60. Highlights include our Good Neighbour Program to encourage positive neighbour relations, Our Place Green Space which included new bin bays and fencing at Wauchope Crescent Estate and a community garden workshop. Our Big Ideas Grants Program provides resources for tenant initiatives such as a block beautification project in Camperdown, Lunar New Year celebrations at Eveleigh, and a new tenant BBQ at South Coogee. I particularly enjoyed my role as MasterChef judge at the Orbit Kids Day in April 2017.



CEO John Nicolades

Maintenance

Bridge Housing has a diverse portfolio of 1,915 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, on reducing our future maintenance liability and on ensuring our properties meet or exceed regulatory standards.

During 2016-17, Bridge Housing spent \$3.7 million on maintenance. This consisted of planned maintenance to the value of \$1,563,529 on 99 properties; 3,741 responsive maintenance work orders to the value of \$904,430; and cyclical maintenance services to

the value of \$896,722. The Assets team delivered two large projects: the aforementioned upgrades at Wauchope Crescent, South Coogee and the replacement of 48 windows and exterior area upgrades across four blocks in Laggan Avenue, Balmain.

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.

Our internal customer surveys have shown that over 90 per cent of tenants are satisfied with the maintenance services provided by Bridge Housing.

Last year Bridge Housing transformed the way we deliver our maintenance program by introducing a head contractor model for repairs and maintenance services. This also helps us to prepare for significant portfolio growth. This year we extended the approach and appointed a grounds maintenance contractor, Australian Facilities Landscapes (AFL), and fire safety contractors.

Business sustainability

This year we produced an operating EBITDA of \$4.7 million, with a net profit of \$3.7 million after recognition of a \$1 million gain owing to a market fair value adjustment on our interest rate swap. Our Financial Summary on page 86 and Financial Report 2016-17 provide further details of our positive financial performance.

Our non-current assets increased by \$27 million, from \$115.5 million as at June 2016 to \$142.5 million in June 2017. This increase is a result of the increased value of our property portfolio and recognition of fair value on completion for the development projects completed during the year.

Bridge Housing's major source of income is rent. The Operations teams play a critical role in our financial sustainability through its management of arrears, voids and vacancies. Our arrears rose slightly to 1.5 per cent, up from 1.3 per cent in 2016-15, but still below the regulator's benchmark of 2.5 per cent.

Voids fell to 18 days, compared to 27 days in 2015-16, and were well below the industry benchmark of 28 days. Vacancies were 10 days, down from 17 days in 2015-16, and were below the industry benchmark of 14 days. 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.⁴ We also negotiated an increase of the facility from \$18 million to \$25 million to fund the

Parramatta development. We met all banking covenants during 2016-17.

Our Five-Year Report Card on page 90 and financial summaries provide further information.

Building our ICT capacity

We continued to build our ICT capacity in 2016-17 to increase the efficiency of our operations and to build a solid platform to deal with any expansion through social housing management transfers. Major initiatives included improvements in our rent review module to undertake 3,400 individual rent reviews during the year. We procured Deeplake, a program which will enhance our ability to integrate and record SMS communication with our residents. The service will go live in 2017-18. Deeplake will be a mobile platform for staff to access real time information on our residents when undertaking home visits and to deal with tenancy and maintenance issues on the spot. This year we also worked on implementing an electronic document and records management system. This will be a critical piece of business architecture to reduce our reliance on paper files and ensure that we are prepared for substantial growth.

Risk Management

We actively review and manage our risks and update our Risk Management Plan. Our property development activity exposes Bridge Housing to considerably more risk than if we were simply providing tenancy management services. This includes our ability to repay borrowings of \$16 million (the financial risk of getting the development approved and building to schedule (development risk) and ensuring we appoint a good builder (construction risk). This year the Board approved a Risk Appetite Statement which sets out its risk tolerance.

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 model becomes

important as we test the impact of portfolio growth on Bridge Housing's overall financial sustainability and as we continue to finance property development with debt. Our Finance and Corporate Services Report on page 78 provides a comprehensive review of our risk management strategy.

We undertook two internal audits of our property development and project management to ensure our processes were robust as we completed our property development program. The other audit was on maintenance expenditure and contract management. The internal audits found room for improvement in areas with a low risk rating and these changes will be implemented in 2017-18. 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 asset. Their commitment, energy and ideas drive Bridge Housing's success so we place considerable emphasis on developing a positive workplace culture, improving our systems and processes, and providing learning and development opportunities. To help drive these improvements and prepare for our next period of growth, we appointed our first full time Human Resources manager and replaced our previous consultant, Blooming HR.

We celebrate the diversity of our employees and workplace and respect our employees' gender, culture, sexual preferences and religious identification. We have regenerated our Diversity Committee to lead our development of good practice and to build on our existing gender targets. The launch of our [Reconciliation Action Plan](#) in February 2017 will help us address how we can better work with Indigenous communities and increase our Aboriginal and Torres Strait Islander employment.

Bridge Housing has also added its voice to the campaign against violence against women and determined this is a workplace issue. We have looked at how we can provide support to our staff. We introduced a Domestic Violence Policy

⁴ Bridge Housing has a \$25 million 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.

and a Domestic Violence Leave policy which provides up to 10 days leave for staff who are victims of domestic violence. These initiatives are a core part of our journey to become a White Ribbon Accredited Workplace in 2017.

In our sixth successive [Employee Opinion Survey \(EOS\)](#) we achieved a 96 per cent response rate and 79 per cent employee engagement. This is six per cent higher than our 2016 survey results and equal to the sector average. We continue to score very strongly on key organisational measures.

Staff turnover was higher this year at 24 per cent. While we accept that a degree of turnover is inevitable, we undertake comprehensive exit interviews to help determine why people leave and how Bridge can better retain staff. Our People section on page 46 provides a full report on the above initiatives.

The health and safety of our employees and contractors is of paramount importance within the office and off-site as they undertake home visits or maintenance work inspections. We work closely with our staff through our Work Health and Safety Committee. This year there were no incidents and our four workplace inspections did not identify any significant issues.

Increasing our profile

In late 2013-14, Bridge Housing developed and began implementing a Strategic Communication Strategy to set us on course to better communicate with and engage our corporate, government, community and tenant stakeholders.

Over the next two years we built the enabling platforms and capacity to deliver on the strategy. This year Bridge Housing focussed on maximising these investments through:

- ▶ more regular, targeted and linked communications
- ▶ better support for Bridge Housing events
- ▶ greater use of engaging photographic and video content
- ▶ development of key brochures to tell our story, and
- ▶ more refined monitoring of our impact.

Highlights

The Social Housing Minister Brad Hazzard visited the Bridge Housing development at Bungarribee to officially open it in November 2016. The Hon. Pru Goward MP, Minister for Family and Community Services, Minister for Social Housing, and Minister for the Prevention of Domestic Violence and Sexual Assault, toured our Ashfield housing development in May 2017. These visits attracted local and national media attention.

Four tenants, celebrating the diversity of our tenant community, were selected to participate in our [The Difference We Make](#) video project, the reach of which was extended through the Bridge Housing website and social media.

We generated ongoing social media engagement around the housing affordability challenge in the LGAs in which Bridge Housing operates through our [Affordability Bites](#) initiative. Bridge Business, our corporate e-newsletter, continues to build an audience and is an effective medium to tell our story. This year we launched our first capability statement, Improving Lives Strengthening Communities which shows how Bridge Housing has increased its capacity since we opened our doors in 1985.

The graphic on the next page summarises the impact of our key digital communication tools. We warmly thank our partner National Australia Bank for inviting us to their social media hub during 2016-17 to share insights about Bridge Housing's social media performance.

I continued as a NSW Federation of Housing Associations director and 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. Bridge Housing's general managers continue to actively participate in various subcommittees of the NSW Federation of Housing Associations, PowerHousing Australia and the Australasian Housing

Institute. Our activities are described in more detail in Bridge Housing in the Community on page 92.

Looking to the future

The great opportunities for growth in the community housing sector through initiatives at federal and state levels which will create a seismic change in the community housing sector, and Bridge Housing may double or triple our property portfolio, which is both an opportunity and a challenge.

Our Fit for Growth Strategy has prepared Bridge Housing to seize these opportunities and has provided a strong platform for our Social Housing Management Transfer tender. Our strategy has always been to develop a critical mass and then determine if we wish to expand into new geographical regions.

I look forward to leading the skilled and dedicated Bridge Housing team through this process, and to working with the highly competent and skilled Board, to ensure Bridge Housing continues to deliver on our mission to improve lives and strengthen communities.



John Nicolades
Chief Executive Officer

Growth in social media influence⁵

September 2016	June 2017
14 conversations (mentions) generated in month	50 conversations (mentions) generated in month
79 per cent mentions of positive sentiment	67 per cent mentions of positive sentiment
57 per cent of conversations from unique authors	48 per cent of conversations from unique authors
Reach ⁶ : 7,173	Reach ⁶ : 51,563
Spread ⁷ : 11,287	Spread ⁷ : 36,313
Most influential account talking about Bridge Housing online: @facnsw (Families and Community Services NSW)	Most influential people talking about Bridge Housing online: @Luke_FoleyNSW (The Hon. Luke Foley MP, leader of the NSW Opposition)

www.bridgehousing.org.au

81.8% SYDNEY BASED

52% MOBILE OR TABLET USERS [37.8% IN 2016]

AVERAGE MONTHLY PAGE VIEWS
13,568
(27% ABOVE 2016)

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

AVERAGE UNIQUE VISITORS PER MONTH
4,390
(2,034 IN 2016)

TOP EXTERNAL LINK: DOMAIN REAL ESTATE: BRIDGE HOUSING PAGE

TOP DOCUMENT DOWNLOAD: **APPLY FOR A HOME APPLICATION FORM**

Bridge Business corporate e-newsletter

AVERAGE No. RECIPIENTS PER ISSUE:

AVERAGE % OPENS:
33%

AVERAGE CLICK THROUGH RATE
15.8%

TOP LINKS: **MEET THE MANAGEMENT TEAM**

924

Social media highlights

FOLLOWERS: 704
55% ANNUAL INCREASE

TOP TWEET: BRIDGE JOINS AGL SOLAR PILOT:
2,901
Impressions (Nov 2017)

LINKEDIN
1,242
CONNECTIONS

NEW BRIDGE HOUSING LINKEDIN PAGE

TOP LINKEDIN POST NEW PARRAMATTA HOMES:
33 LIKES, 1535 VIEWS

TOP MEDIA TWEET: 2016 ANNUAL REPORT ARA AWARD: 1153 IMPRESSIONS (JUNE 2017)

⁵ National Australia Bank Social Media Hub

⁶ Impressions: posts delivered to other twitter accounts

⁷ Social media reach: the potential audience for a message based on total likes/follower count.

⁸ Social media spread is based on unique authors re-tweeting or re-sharing content which spreads to an additional audience.

Spotlight 1: Fit For Growth Project

In January 2016, the NSW Government announced a new 10-year vision for social housing called Future Directions for Social Housing in NSW (Future Directions). It is intended to transform the NSW social housing system by expanding and redeveloping social housing, transferring tenancy management to non-government providers, and supporting tenants to improve their lives and transition from social housing where possible.



Staff working on Fit For Growth projects

Growth programs being rolled out under Future Directions include the [Social Housing Management Transfer Program \(SHMTP\)](#), [Communities Plus](#), and the [Social and Affordable Housing Fund](#). Within the decade, up to 35 per cent of current government-owned social housing stock will be managed by community housing providers.

The SHMTP will have the greatest impact on the community housing sector, increasing the proportion of government-owned social housing managed by community housing providers from 19 per cent to 32 per cent and increasing their portfolios by 75 to 100 per cent.

An additional 14,000 properties will be transferred to community housing management under 20 year leases, from early 2018 until 2021.

Bridge Housing secured the Northern Beaches package of 1,200 properties in partnership with Women's Housing Company, one of the three metropolitan packages in Northern Sydney.

To ensure Bridge Housing was prepared to pursue these new growth opportunities, we initiated our Fit For Growth project in March 2016. To review Bridge Housing's business systems, policies and structure to ensure that we are prepared for the

impact of significant growth arising from social housing transfers and that we continue to provide high quality services to our existing 3,000 residents.

During Fit For Growth we drew on a team of independent consultants to lead us through scenario planning and a root-and-branch review of our business systems and structure. A vital element was consultation with and engagement of staff at all levels of the organisation. The project team met monthly to report against a consolidated project plan and individual sub-projects.

Sub-projects

Fit For Growth sub-projects included:

- ▶ a review of our organisational structure
- ▶ a skills audit of current staff to identify any gaps
- ▶ a review of our contract management framework
- ▶ developing a consistent outcomes framework and evaluation approach
- ▶ developing a consistent project management approach
- ▶ a review of our tenant participation and engagement structures
- ▶ a review of maintenance costs and assumptions to inform any future financial modelling required for new properties
- ▶ a review of our IT infrastructure and capacity to expand
- ▶ a review of key housing and asset policies to ensure alignment with broader government directions.

Our Performance

In 2016-17, Bridge Housing completed the second year of our [Strategic Plan 2015-18](#), effected via our annual Business Plans. Our [Business Plan 2016-17](#) 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 2017-18 in relation to these particular items.

Critical success factors	Goal	Target (performance measure)
1 Meeting affordable housing need by increasing our property portfolio	Deliver existing affordable housing development pipeline to increase housing supply	Complete and tenant 38 new dwellings at Collett Parade Parramatta
		Work with Land and Housing Corporation to deliver Elger Street Project
		Work in partnership with Waverley Council to deliver six new affordable housing dwellings
	Explore innovative solutions to expand the supply of affordable housing	Continue to work with partners on large scale Communities Plus opportunities, such as Ivanhoe and Waterloo
		Develop replicable models to be able to respond to Communities Plus opportunities on smaller sites
		Pursue opportunities from the Affordable Housing Infrastructure Fund
		Explore development opportunity using the financial interest in the SHSP
	Seek and secure affordable housing 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	Develop a proposal to develop and implement a not-for-profit real estate service for Bridge Housing
Secure properties through any property transfer program and improve tenant outcomes	Develop a clear action plan to address the readiness for growth recommendations	
	Implement the Fit for Growth action plan and prepare and submit tender for SHMTP	
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 2016-17, we completed 70 per cent of the goals against a very ambitious agenda to prepare the company for large-scale growth. This work continues into 2017-18 with a further 20 per cent of these growth goals well advanced at the end of the reporting period and due for delivery in 2017-18.

Key:  completed  in progress  delayed

Status	What we achieved	Aims for 2017-18
	Construction completed and all units tenanted, see Spotlight 2 on p 32	
	Deed of Agreement signed. Stage 1 construction forecast for November 2017. Stage 2 for May 2018	Complete construction and tenant all 158 units by May 2018
	4x 2-bedroom property acquired in Randwick in December 2016	Upgrade and re-tenant by August 2017
	Tender on Ivanhoe site unsuccessful.	Continue to assess opportunities in Communities Plus large sites
	Legal negotiations on CP 1 Preferred tenderer CP 2	Negotiate contract CP 2 Pursue future Community Plus opportunities
	Joined Plenary Consortium SAHF 1 Bid. Tender unsuccessful	Consider SAHF 2 opportunity when announced
	Financial interest finalised	Finalise negotiations for the settlement of the SHSP financial interest
	Government restructured Urban Growth in 2017. Sites now part of Priority Precincts	Work with the Federation and select councils to inform their affordable housing policy
	Worked with Sydney City Council, Inner West Council and Parramatta Council on affordable housing policy	Identify one new opportunity with a local council for new affordable housing
	Board approved business case in May 2017 to establish Homeground real estate agency in Sydney. Based on model developed by Launch Housing Melbourne.	Launch not-for-profit real estate business by February 2018
	Fit for Growth developed and executed to prepare the organisation for growth through the Social Housing Management Transfer Program (SHMTP) See page 17	
	SHMTP Tender submitted for one of three metro packages in May 2017	FACS will advise by late September 2017 on tender outcome
	On hold due to SHMTP	Will evaluate merger opportunities following SHMTP outcome

Critical success factors	Goal	Target (performance measure)
2 Delivering quality homes and housing services	Engage our residents and work to strengthen local communities	Continue to implement the Good Neighbours initiative to encourage positive neighbourhood relations through an improved sense of safety and belonging in the community
		Continue to implement the Our Place Green Space initiative to give tenants a say in the provision and maintenance of their housing
		Continue to implement the Bridge Housing in Communities initiative to celebrate and strengthen the connections across our diverse tenant community
		Continue to implement the Big Ideas Grants Program to provide resourcing for tenants who want to work to improve outcomes for the tenant community
		Develop a community regeneration approach to estate planning
	Drive a customer service culture across our business	Undertake the 2016-17 Tenant Survey to determine actions for service delivery improvement
		Undertake Customer Service Benchmarking Australia (CSBA) benchmarking to externally evaluate our service delivery
		Embed the Customer Service Guidelines and checklist in staff development process across the organisation to ensure our services are delivered with fairness, respect and sensitivity
	Deliver quality proactive tenancy management services	Develop a range of new housing policies and procedures to support clear, transparent decision making and quality service delivery
		Complete post-implementation review of Hand Up arrears management initiative to support successful tenancies
	Deliver high quality asset services to ensure our properties are at standard and meet tenant demand	Monitor and evaluate implementation of the contract for responsive and planned maintenance services so that our homes are maintained at standard, within budget and meet tenant needs
		Implement the new lawns, grounds and cleaning head contractor model so that our homes and open spaces are maintained at standard, within budget and meet tenant needs
		Implement new fire safety contract 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
		Implement an auditing regime for all asset maintenance services to drive quality service
	Increase opportunities to connect tenants to the services they need	Review Housing and Support Partnerships Strategy to ensure we support sustainable tenancies for complex needs clients
		Continue to implement the Streets Ahead Initiative to support tenants to improve their access to education, work experience and employment opportunities
		Continue to implement the Local Links initiative to reduce social isolation of tenants and improve connections with community services

Status	What we achieved	Aims for 2017-18
	Three Good Neighbours workshops held during the year in Balmain, Bondi Junction and Granville.	Hold one further Good Neighbours workshop
	Draft completed. Specialist design working group has been established and review has commenced with the first meeting completed and remainder scheduled in 2017-18	Finalise Our Place Green Space initiative. Obtain feedback through the Tenants Talk design forum 12 months after delivery of Bunya, Ashfield and Parramatta developments.
	Events held for Harmony Day, Closing the Gap, White Ribbon and Yabun Festival	Hold two internal and two external events per annum
	Five tenant-led projects funded during the year	At least two new tenant led projects implemented
	Our estate planning approach finalised and launched as Places People Want to Live.	
		Implement action plan from 2016-17 survey and undertake 2017-18 survey
	CSBA undertook customer service review with improved results	Implement customer service action plan
	Completed by 100% of staff	
	Four policies revised but some policies not completed: Child Protection, Domestic Violence, Affordable Housing and Rent Policy	Finalise policy review and development
	Hand Up Review completed, See Spotlight 3 on p 44	Implement recommendations from Hand Up evaluation
	Contractor performance meetings held regularly. Audit regime in place to ensure work meets quality standards. Tenant satisfaction remains high	
	Grounds maintenance contract awarded to AFL and effective October 2016	No action required
	Fire safety contract awarded to FGI and Newsound. Contract to start in September 2017	No action required
	Not completed	Develop a range of new asset policies and procedures to support clear, transparent decision making and quality service delivery
	New auditing regime developed, approved and operational	Continue to roll out auditing regime on all maintenance services
	Annual review completed, including recommendations for change	Conduct annual review of partnerships
	Guidelines completed. Will be launched in October 2017	Implement Bridge Housing scholarship program
	Not proceeding in current form. Will be incorporated to the scholarship program	

Critical success factors	Goal	Target (performance measure)
3 Governing effectively	Maintain strong governance and organisational management	Undertake independent external review to ensure our corporate governance meets best practice and continues to align with ASX Corporate Governance Principles
		Undertake Year 2 of 3-Year Internal Audit Plan
		Review financial delegations to support change in management structure and requirements for future growth
		Review costs/benefits of implementing electronic board papers
		Implement a trust accounting system and processes
		Develop a strong contractual management framework
	Meet our regulatory and compliance responsibilities	Implement new performance reporting and contract compliance requirements/framework
		Ensure adherence to NRAS reporting and compliance requirements
	Maintain alignment between the Strategic Plan, Business Plan and associated reporting	Ensure Business Plan 2017-18 is approved and effectively communicated to staff and stakeholders
	Develop a framework to measure the social impact of our service delivery to support the sustainability of the business and enhance community outcomes	Develop outcomes framework for the business in alignment with sector frameworks and FACS policy directions
4 Managing the business sustainably	Work closely with the tenants to ensure they have a real say in our operations and planning	Ensure involvement of tenants through the Tenants in Operations and Planning initiative
	Maintain strong financial management and operational performance	Maintain our financial viability by meeting budget projections and securing long term debt to fund current and future requirements
		Manage and expand debt facilities effectively to meet future funding requirements
		Continue to refine and develop the 20-year forecasting model to accommodate new structures of project delivery and business unit accountability
		Develop a costing model and scenario planning to model the impact of the SHMTP
		Review service costs and associated pricing
	Continue a strategic whole of life approach to asset management	Update the Strategic Asset Management Plan (SAMP) to ensure it is still fit for purpose
Develop a Community Housing Leasehold Program (CHLP) policy and procedure to guide staff decision making and support the provision of safe, secure and financially sustainable private housing solutions for tenants		

Status	What we achieved	Aims for 2017-18
	External governance review in Q3 and recommendations prepared for Board consideration in June 2017 and action plan developed, on p 54	Implement approved recommendations and undertake further internal review
	Internal Audit completed and only minor issues identified, see p 80	Undertake Year 3 of 3-year Internal Audit Plan
	Delayed in light of the SHMTP	Finalise review of financial delegations once outcome of SHMTP is known
	Review completed, system selected and operational from December 2016	No action required
	Property Tree I selected as trust accounting system and associated policies and procedures adopted	Review Property Tree to enhance functionality and integration into our ICT system
	Draft completed	Contract management framework implemented
	Reports updated and implemented for 30 September 2017 performance reporting	No action required
	All 108 NRAS allocations for Bunya, Ashfield and Parramatta activated	Prepare for 153 NRAS activations with completion of Elger St, Glebe
	Business Plan 2017 approved at June 2017 Board Meeting	Prepare Strategic Plan 2018-2021. Prepare and have approved 2018-19 Business Plan
	The Difference We Make outcomes framework completed. See Spotlight 5 on p 65	Refine outcomes framework in light of FACS' development of Human Services Framework and social housing outcomes framework
	Tenants involved in Tenant Code of Conduct (launched in December 2016) and Reconciliation Action Plan (launched in March 2017)	Implement first year of the Reconciliation Action Plan and hold tenant workshops to inform strategic planning process
	Budgeted financial outcomes met. See Financial Report on p 78	Ensure 2017-18 financial budget is met
	All NAB banking covenants met. NAB approved additional funding for future development at Seven Hills	Ensure adequate funding is available to meet business requirements
	20-year forecasting model used to test impact of property development scenarios on corporate sustainability	Upgrade model to meet agreed business structure following the SHMTP
	Model developed with Sphere Consulting to evaluate property management transfer tender opportunity	Refine and update model if successful with SHMTP
	Model developed to price our service costs for fee-for-service opportunities	Update inputs to determine appropriate management fee for fee-for-service opportunities
	SAMP 2016-2025 approved by the Board in December 2016	SAMP reviewed and updated
	Policy and procedure for leasehold manager and housing staff completed	No action required

Critical success factors	Goal	Target (performance measure)
4 Managing the business sustainably (continued)	Implement and embed technologies that support customer service and organisational performance	Implement integrated SMS technology linking directly to SDM
		Implement changes to the rent review process to streamline administration management and leverage system upgrade
		Develop a mobile platform for operational staff and review the most appropriate mobile technology
		Implement electronic document records management system (DRM system)
		Implement dashboard reporting for key operational KPIs and performance outcome metrics
		Develop an information technology strategy for the business
	Undertake ongoing improvement to strategic risk management practices	Review the risk management plan annually and report quarterly
		Finalise the work health and safety policy and auditing regime for contractors
5 Supporting our staff and improving our workplace	Ensure the right organisational structure and roles are in place to support strategic objectives	Review existing roles and responsibilities and realign organisational structure to meet long term business objectives
		Develop human resources strategy to support long term growth
	Attract, recognise, reward and retain quality staff	Continue to explore new opportunities to increase cross-team collaboration through team building
		Investigate the development of a traineeship/internship/graduate recruitment program
		Review current recruitment methods, models and arrangements
		Develop and implement a formal staff recognition program that supports the organisation's values
	Deliver training, development and performance management aligned to strategic objectives	Review the learning and development program to support staff to deliver business plan objectives
		Review KPIs and measurement effectiveness to refine the link between business plan objectives, performance management and remuneration
	Create a more flexible, fit for purpose workplace	Develop long term accommodation relocation strategy
		Refresh Bridge Housing's commitment to celebrating diversity in our workforce
	Build on our positive organisational culture as we grow and change	Develop and implement an action plan in response to the 2016 Staff Engagement Survey
		Achieve White Ribbon Accreditation to highlight domestic and family violence as a workplace and service issue

Status	What we achieved	Aims for 2017-18
	Deeplake software identified and project implementation plan developed	Integrated SMS communication via Deeplake rolled out in September 2017
	Rent Review process and system updated and now administered within system.	Implement Deeplake communication software to assist with tenant communication
	Strategy and solution finalised. To be rolled out in August 2017	Roll our mobile technology solution
	DRM system ongoing	DRM system implemented by end of quarter 2, 2017-18
	Deferred in favour of other priorities	Implement dashboard reporting for key metrics by 31 March 2018
	Short term plan developed. Developing longer term plan in conjunction with office relocation	Finalise long term IT strategy by 31 March 2018
	Risk Management Plan reviews completed as per schedule	
	Audit program in place	Ensure WHS audit regime is applied to all contractors
	Structure developed but pending outcome of SHMTP tender to implement	Implement structure once outcome of SHMTP is known
	Strategy developed	Update HR strategy in light of outcome of SHMTP
	Deferred until 2017-18	Continue to explore new opportunities to increase cross-team collaboration through team building
	Deferred until 2017-18	Investigate the development of a traineeship/internship/graduate recruitment program
	Deferred until 2017-18	Review current recruitment methods, models and arrangements
	Workshops held with staff to consider various options to be implemented by December 2017	Implement staff recognition program by December 2017
	Training calendar developed	Review the learning and development program to support staff to deliver business plan objectives
	Incorporated as part of individual performance plans	Develop KPI scorecard for incorporation into individual performance plans
	Accommodation strategy developed and executed in 2017-18 subject to outcome of SHMTP	Relocate to new office premises by 30 June 2018
	Initiated with presentation by the CEO of the Diversity Council of Australia. Diversity Committee re-established	Diversity strategy and review of current diversity policy to be completed by September 2017
	Action plan developed	Action plan communicated to all staff by Sept 2017 and outcomes fed back to all staff by June 2018
	White Ribbon Accreditation work program completed and application submitted	White Ribbon will confirm accreditation by end September 2017

Critical success factors	Goal	Target (performance measure)
6 Enhance our reputation and extend our relationships	Increase awareness of our value proposition and build on our strong brand and reputation	Undertake a digital marketing strategy review to enhance our social media presence
		Develop a marketing strategy and a capability statement
		Develop presentation skills training for senior executive positions and require one outside presentation per annum
	Continue to improve communications with residents, partners and stakeholders	Broaden the understanding of social media amongst staff as a key communication tool for our tenants, stakeholders and community
		Implement an integrated SMS system to improve our tenant communications
		Develop a social media policy
		Develop at least two promotional and instructional videos on housing policy
		Promote the volunteering and activity of tenants in their communities through the newsletter, annual report and other promotional opportunities
	Advocate strongly for affordable housing, including property transfers and funding frameworks	Undertake meetings with state and federal government representatives in Bridge Housing's operating region
		Seek to speak at and attend conferences, seminars and cross sector forums
		Maintain membership of industry organisations - NSW Federation of Housing Associations, Powerhousing and CHIA
		Extend membership to influential industry bodies: Property Council of Australia, Urban Development Institute of Australia, Committee of Sydney

Status	What we achieved	Aims for 2017-18
	Deferred until 2017-18	Undertake a digital marketing strategy review to enhance our social media presence
	Bridge Housing Capability Statement, <i>Improving Lives Strengthening Communities</i> launched in February 2017	
	Senior Executive undertook a minimum of one presentation during the year.	No action
	Workshops held with staff	Develop and embed a social media policy and associated protocols
	Project plan finalised to be rolled out first quarter 2017-18	Implement Deeplake
	Deferred until 2017-18	Develop and embed a social media policy and associated protocols
	Plan staff videos for all teams to support online onboarding	Ten new videos available supporting online onboarding
	Have been included in the Annual Report, Tenant Newsletter and in promotional videos	Four new tenant stories and photographs per annum
	Invited Social Housing Ministers The Hon. Brad Hazzard MP and The Hon. Pru Goward MP to open Bungarabee and Ashfield developments, see p 72	Undertake meetings with state and federal government representatives in Bridge Housing's operating region
	Executive staff spoke at a number of national and international conferences and workshops. See Bridge Housing in the Community on p 92	Seek to speak at and attend conferences, seminars and cross sector forums
	Bridge Housing continued membership and took leadership positions in key industry bodies to influence social and affordable housing agenda	Maintain membership of industry organisations - NSW Federation, Powerhousing and CHIA
	Membership of and active participation in agreed industry bodies	Maintain membership of agreed industry bodies

Housing Affordability

Our seventh annual report on housing affordability 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 organisations that provide 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' adopted by the Centre for Affordable Housing (a division of FACS).

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:

- ▶ people on very low incomes, 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 was 4.3 million in 2011 and by 2036 is expected to reach 6.4 million. Housing this population will require an additional 726,000 new dwellings, or 30,000 dwellings per year. In January 2017, the incoming NSW Premier Gladys Berejiklian said that affordable housing was one of her top priorities. The NSW Government's main policy prescription for affordable housing is increasing housing supply. This was reinforced in the 2017 NSW Budget. Unfortunately, supply is not sufficient. Despite record numbers of completions, Sydney's median housing price continues to climb.

The impacts of pressure on housing prices are illustrated in [Demographia's](#) thirteenth International Housing Affordability Survey which measures affordability in 406 international housing markets by calculating housing costs as a multiple of median incomes: the 'median multiple'.⁹ On Demographia's rating scale, a median multiple over 5 is 'severely unaffordable'. Sydney was already unaffordable in 1981, with a median multiple of 5, but by 2014 that had increased to 9.8 and the median multiple is now at 12.2. Sydney has the distinction of being the least affordable housing market in Australia and the second least affordable international market after Hong

Kong. Melbourne runs a close second, with a median multiple of 9.7, up from 8.7 in 2014, and is the fifth least affordable international market.

Declining housing affordability, which decreases the number of affordable rental properties, most affects households on very low and low incomes. [Anglicare Australia's eighth Australia Rental Affordability Snapshot](#) found 13,447 private rentals were advertised for rent in Greater Sydney on the weekend of 1-2 April 2017. Of these, only 26 properties were affordable and appropriate for people living on income support payments, without placing them in housing stress. Just 625 properties were affordable and appropriate for people living on the minimum wage. Anglicare's report reinforces the experience of many of the people who are now tenants of Bridge Housing or waiting to be allocated social and affordable housing:

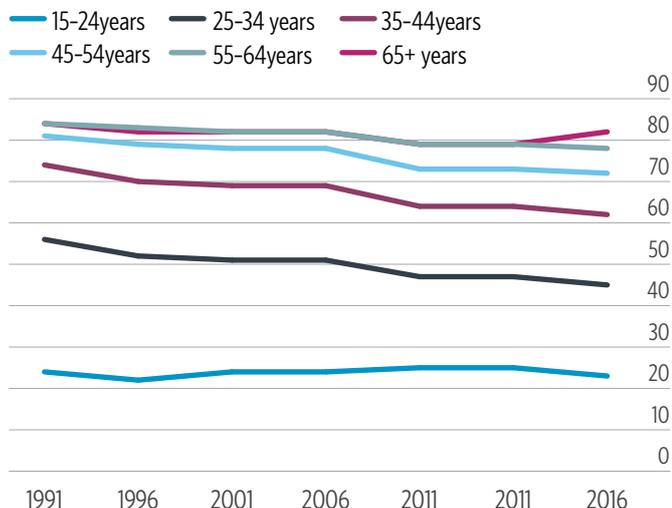
For many households, even those on moderate incomes, home ownership is a receding dream, shown most graphically in the 2016 Census:

- ▶ Home ownership declined from 68.6 per cent in 1991 to 65.5 per cent in Sydney: 62.3 per cent of people own their home outright 34.5 per cent of owners still paying off a mortgage, in Sydney 33.2 per cent
- ▶ Renting has risen from 26.9 to 30.9 per cent of households; in Sydney 34 per cent.

⁹ 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.

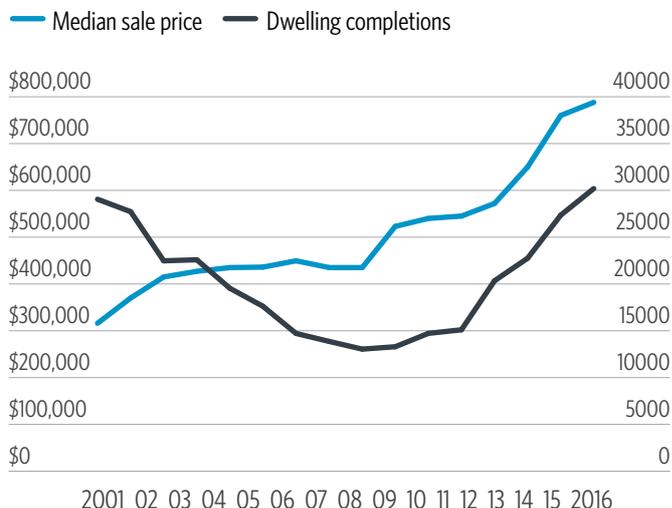
Home Ownership Rates, Australia

By Age (percentage), 1991-2016



Does Housing Supply Create More Affordable Housing ?

Median sale price vs dwelling completions in Greater Sydney, 1993-2016



The rate of home ownership decline and renter increase is underpinned by declining rates of home ownership across all age groups and significantly amongst households aged 35-44 years and 25-34 years. Unsurprisingly, the groups hardest hit are those on low incomes.¹⁰

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 properties

Between 2009 and 2015, there was a decrease in the supply of affordable rental properties for very low, low 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 began a small affordable housing program in 2006, providing 98 affordable homes, including developments at

It is important to emphasise that the biggest impact of the housing affordability crisis is in compromising people's right to a home. There is more to having a home than simply having a roof over your head. Our home is the foundation of our wellbeing and health. A home is defined as much through the people we share it with, its objects, sounds, smells, tastes, textures and memories, as it is by its architecture or location. A home supports and reflects our cultural connections and identities; it is a place that takes shape through our habits, interests and visions. We know our home and our home knows us.

Anglicare Australia, 2017 Australia Rent Affordability Snapshot

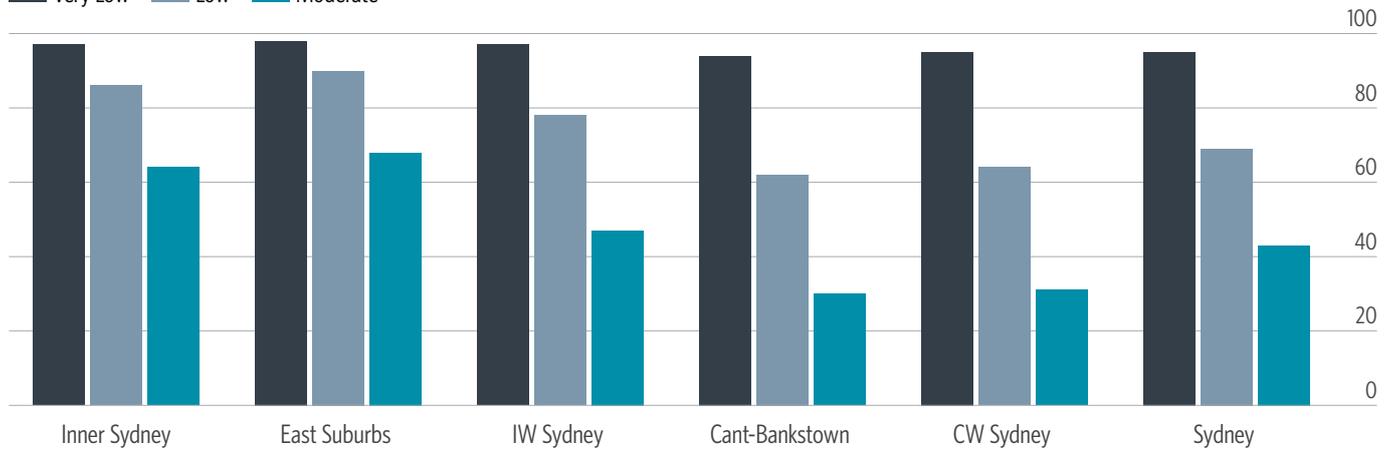
¹⁰ Simon Thomsen, "Home ownership for younger Australians is at 35-year lows," *Business Insider*, 17 July 2017, www.businessinsider.com.au/charts-home-ownership-for-younger-australians-is-at-35-year-lows-2017-7, viewed 20 September 2017.

Housing Affordability (continued)

Rental stress

Percentage of households by income and region, 2011

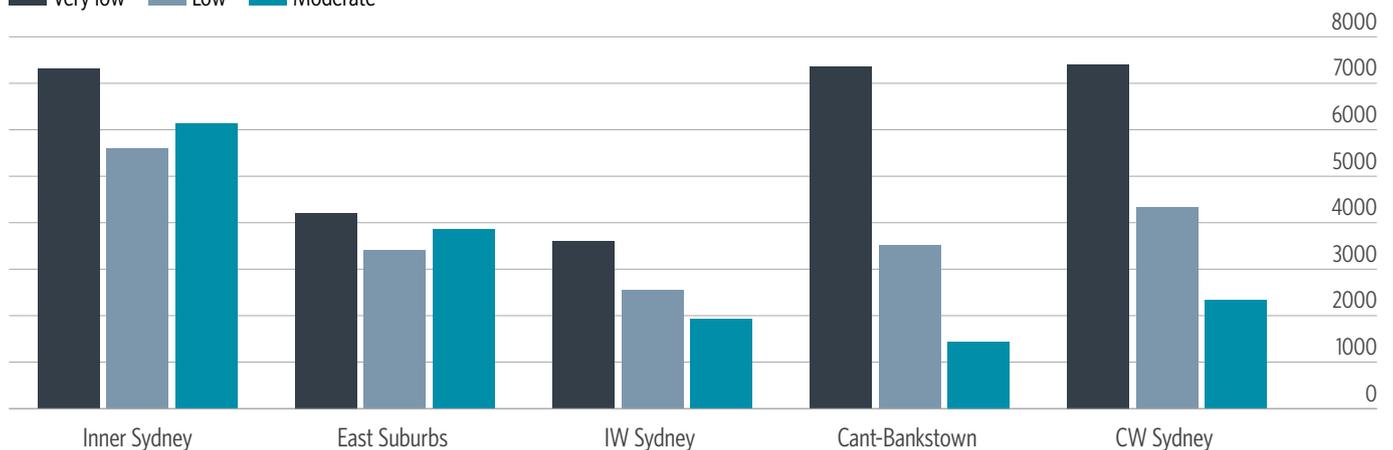
Very Low Low Moderate



Rental stress

Number of households by income and region, 2011

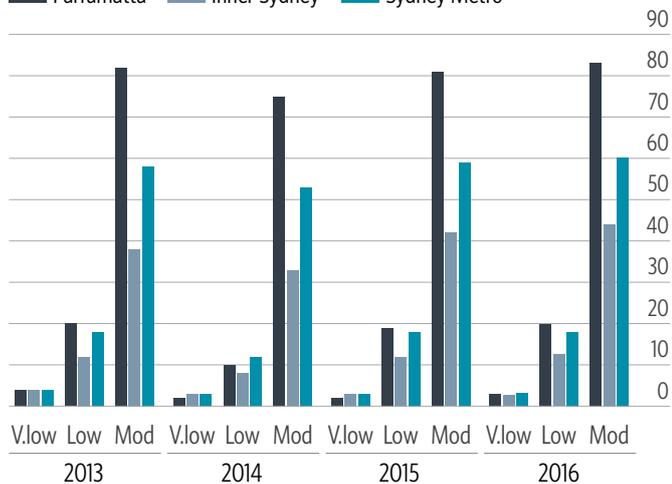
Very low Low Moderate



Affordable rental

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

Parramatta Inner Sydney Sydney Metro



Wiley Park (eight units) and Eveleigh (27 units). We now manage Waverley Council's Affordable Housing Program (28 units), and have secured the management tender for the Sydney Olympic Park Authority affordable housing program, through which we are currently managing 24 units, and City of Canada Bay's affordable housing program (27 units). In addition, we have management agreements with private developers under the State Environmental Planning Policy No 70 - Affordable Housing.

In 2012, Bridge Housing commenced its development program to increase the supply of affordable housing. In the past year, we developed an additional 112 social and affordable homes for long-term rental. In July 2016, we completed 65 affordable three-bedroom dwellings on Urban Growth's Bungarribee Estate, Blacktown. We completed the conversion of an older block of units in Ashfield into nine one-bedroom self-contained units for older single women in July 2016. In February 2017, we completed 38 one- and two-bedroom units in Parramatta. We have further developments in the pipeline.

In May 2018 the Land and Housing Corporation will complete and vest 158 social housing units at Elger St, Glebe.¹¹ Under the NSW Government's Communities Plus program, we have successfully tendered for a site in Seven Hills which will deliver mix of 118 social, affordable and private units by early 2019. In Communities Plus Two we have partnered with Mirvac to deliver 200 units, of which 63 will be affordable. We have also partnered with AV Jennings in Communities Plus 3 for a site at Lidcombe.

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

Social housing demand

Social housing waiting lists are one indicator of the housing needs of low income households. In NSW, the waiting 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 2016 (60,000 in 2015). As noted above, this is just the tip of the iceberg.

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

Across NSW 59-907 households are waiting for social housing. In Sydney, Bridge Housing's operating area, the average wait time for an offer of social housing is between five to over 10 years.

What we are doing

In 2016-17 through our construction program and vacancies in our existing portfolio the 2015-16, we provided secure and affordable housing to 287 households, compared to 246 households in 2015-16. This was facilitated through our capital, leasehold and fee-for-service programs and by dwellings added through our development program in 2016-17.

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 2011 Census provides the most recent national homelessness figures.¹² It revealed that the number of people who were homeless or living in marginal housing increased by 10.4 per cent between 2001 and 2011. While rough sleepers constitute the public face of homelessness, there are significantly more people living in insecure boarding house accommodation and overcrowded accommodation as the invisible face of homelessness. This is symptomatic of the decreasing affordability of the rental market, particularly in Sydney. The 2011 Census showed that there were 28,190 homeless people in NSW, an increase of 5,971 or 27 per cent on the revised 2006 Census figures. The Where

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

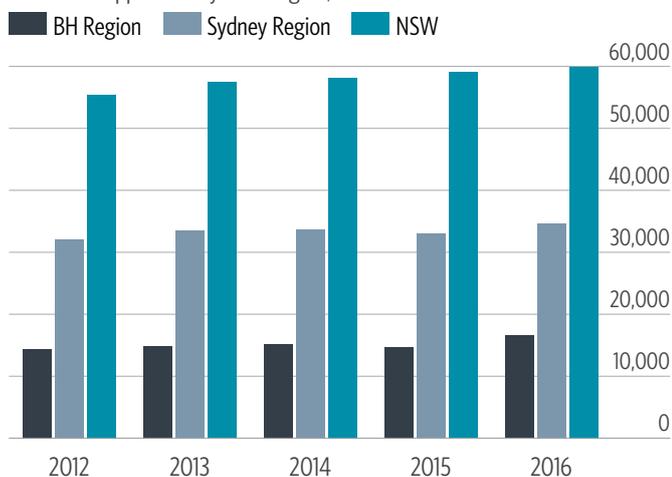
What we are doing

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), Platform 70 and Connect 100. In 2016-17, we continued to deliver 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 208 new social housing tenancies. Of these 148 were experiencing some form of homelessness (primary, secondary or tertiary) and 94 were transitional tenancies of up to 18 months.

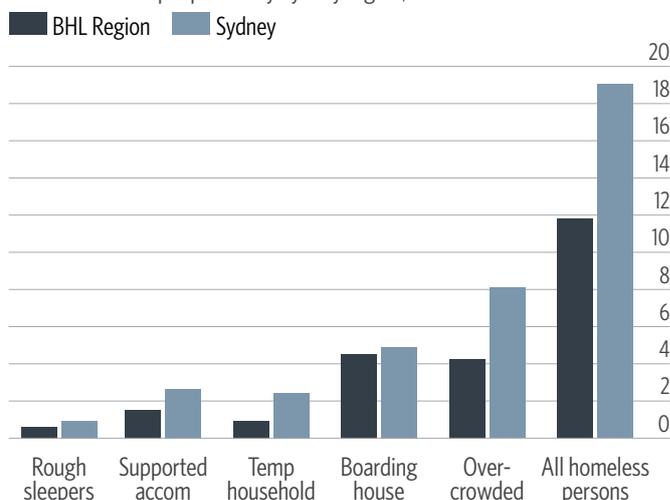
Social housing applicants

Number of applicants by NSW region, 000's 2012-16



Homelessness

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



11 In previous Annual Reports this development was referred to as Cowper St, Glebe.

12 The 2016 ABS Census homelessness figures will be released in 2018.

Spotlight 2: New social and affordable housing in Parramatta

In December 2014, Bridge Housing won a NSW Government tender to redevelop three ageing single-level residential dwellings in Collett Parade, Parramatta. This allowed us to capitalise on NRAS allocations that were at risk of being lost to the affordable housing sector in NSW.

Bridge Housing sought a design that would provide a mix of social and affordable housing in this increasingly unaffordable part of western Sydney and to build social housing that was fully accessible for people with a disability.

We lodged a development application with Parramatta Council to redevelop the site into a residential apartment building comprising 38 apartments with basement parking under the Affordable Rental Housing State Environmental Planning Policy (ARHSEPP) 2009. Development consent was granted on 15 July 2015 and construction commenced in October 2015 following a rigorous construction tender evaluation process.

Design

The development contains a mix of studio, one and two-bedroom units within a building that ranges over three and four storeys. It has lift access and the single basement level accommodates 25 car spaces and additional storage for each apartment.

Our brief to the design team was to provide an environmentally friendly affordable housing building that reduced tenant living costs and operation and maintenance costs. We also wanted it to seamlessly blend into the surrounding neighbourhood. The key environmental features include:

- ▶ 10kw photovoltaic solar cell system
- ▶ large windows and skylights to provide good solar access and cross ventilation
- ▶ LED downlights throughout the building and apartments
- ▶ car wash bay utilising recycled rain water



Street frontage at Collett Parade, Parramatta



Rear garden at Collett Parade, Parramatta

- ▶ drought resistant native plants
- ▶ roof sarking, ceiling/wall insulation and additional acoustic measures
- ▶ rear north facing courtyards and common open space/gardens shielded from heavy traffic along James Ruse Drive via the L-shaped building design
- ▶ 650 square metres of soft landscaping to reduce radiant heat and water runoff.

The result is a high-quality building, with all apartments meeting Livable Housing Australia's Silver standard. Six apartments meet the higher adaptable housing standards under the Building Code of Australia, and provide a higher level of access for people with disability, including participants in the National Disability Insurance Scheme.

During the early DA phase, local resident concern about the social and affordable housing nature of the development threatened to cause significant delays. Bridge Housing prepared a detailed Social Impact Assessment on the effects of the proposed development and held an onsite resident meeting attended by Parramatta Councillors to discuss residents' concerns. The main issues were fears about insufficient parking, building quality and maintenance issues affecting local market values, and worries about privacy of locals. We responded by:

- ▶ increasing the parking to exceed ARHSEPP requirements

- ▶ ensuring the building was designed to be indistinguishable from surrounding housing
- ▶ agreeing to additional privacy measures, even though the design incorporated generous transition zones. On completion, we reviewed the measures with an adjoining owner and put in place further measures beyond the DA conditions and in line with Bridge Housing's Good Neighbour policy.

Parramatta Council and the design review panel commented that this design was well thought out and resolved these concerns. Construction was completed in December 2016 and the Private Certifying Authority issued the final Occupation Certificate in March 2017.

Results

Bridge Housing partnered with Achieve Australia and sub-let the six adaptable units to people with a disability. The development successfully integrates social, affordable and disability housing within the community and houses more than 50 people in Parramatta, where less than one in five rental properties are affordable for people on low incomes.

The project has delivered good quality housing with a high level of tenant amenity at a very competitive rate. Total development costs were \$380,000 per apartment (including land, construction costs, interest, overheads

and holding costs). Residents have benefited from significantly discounted weekly rentals (25-70 per cent discount on market rates) and an opportunity to step up into first home ownership.

Through effective governance and a strong corporate commitment to tackling housing affordability, Bridge Housing has demonstrated it can deliver high quality affordable housing within a high cost location in a very cost-effective manner. The development has been well received by tenants, local residents and Parramatta Council.

The defects liability period commenced in March 2017 and will end in March 2018. To date, the processes and procedure in place with the builder and Bridge Housing's Repairs Team have enabled queries to be addressed in a proactive and efficient manner, minimising disruption to residents, Bridge Housing and neighbours.

The project was a finalist in the Urban Development Institute of Australia's NSW Awards for Excellence - Excellence in Affordable Development category in July 2017.

Operating Environment 2016-17

Federal and NSW government policy settings play a significant role in shaping the environment in which community housing providers operate. Bridge Housing depends on, and seeks to influence, government policy frameworks, 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 2016-17.

Federal Government

Housing policy emerged as a central issue for both the Coalition Government and Federal Opposition in 2016-17. The key driver was the demographic fact that younger and low-to-moderate income households in Australia are struggling to enter home ownership because rising housing prices in our major capitals continue to outstrip income growth.

The 2016 Census confirmed this was part of long-term decline. The private rental market offers little relief (see Affordability Trends, page 28). Low-to-moderate income renters are living in housing which is often poor quality, insecure and unaffordable.¹³

Treasurer Scott Morrison addressed the Australian Housing and Urban Research Institute (AHURI) in April¹⁴ and in the May 2017 Budget signalled a policy change from a focus on demand-side measures for first homeowners to increasing affordable rental supply. The Labor Party then released its housing policy in April 2017.¹⁵ Both parties flagged the issue during the 2016 election campaign and it appears they support expanding the community housing sector to assist in the supply of social and affordable housing, as well as innovation in financial instruments

and a new national housing agreement with the state governments. However, they maintain policy differences, such as on the question of negative gearing. Affordable housing policy is now at the centre of the Federal Government and the charge is being led by the Treasurer, the second most powerful member of Cabinet. This is unprecedented and has opened access to policy makers for the community housing sector, via peak industry organisations.

Government responses

Bond aggregator and subsidy

On the recommendation of the Affordable Housing Working Group, the Federal Government established the National Housing Finance and Investment Corporation (NHFIC) in the May budget.¹⁶ The NHFIC will source private funds, through bond issue, to lend to affordable housing providers to finance rental housing development. The scheme is scheduled to be operational by 1 July 2018. This is an important structural change that will provide community housing providers with cheaper and longer-term financing than that which they can currently raise from the banks.

It is too early to assess the impact the bond aggregator will have on the

supply of affordable housing but if it reduces financing costs by 2 per cent annually it will save the community housing industry about \$14 million per annum in interest payments on existing borrowings of around \$700 million. Providers would still require a subsidy to meet the difference between the return required by institutional investors and the income generated from tenant rents, most of whom are on very low-to-moderate incomes.¹⁷ Neither the government nor opposition has yet made any policy commitments on the subsidy or how it may be funded.

National Housing and Homelessness Agreement

The Government also announced a new federal-state funding agreement, the National Housing and Homelessness Agreement (NHHA), replacing the existing National Affordable Housing Agreement (NAHA) which was generally regarded as a failure because it did not contain any mechanism to measure outcomes from the \$1 billion Federal Government funds allocated annually to state governments. The amount of money remains the same under the revised NHHA but the Federal Government is returning to a more activist position by seeking supply targets, including:

13 'Unsettled: Life in Australia's private rental market', *Choice*, February 2017 www.choice.com.au/money/property/renting/articles/choice-rental-market-report, viewed 20 September 2017.

14 'Federal Treasurer's Address on Housing Affordability', AHURI Event, 10 April 2017, www.ahuri.edu.au/events/recent-events/federal-treasurers-address-on-housing-affordability, viewed 20 September 2017.

15 Labor's Plan for Housing Affordability & Jobs, Australian Labor Party, www.alp.org.au/housingaffordability, viewed 20 September 2017.

16 For background see Our Operating Environment in the 2015 and 2016 Annual Report; Treasury, Council on Federal Financial Relations Affordable Housing Working Group, <https://treasury.gov.au/consultation/council-on-federal-financial-relations-affordable-housing-working-group-innovative-financing-models/>, viewed 20 September 2017.

17 Over 85 per cent of Bridge Housing's tenants depend on income support. See Key Facts page 94 of this Annual Report.

- ▶ targets for social and affordable housing
- ▶ residential land planning and zoning reforms
- ▶ transfers of public housing to community housing providers
- ▶ renewal of public housing stock
- ▶ inclusionary zoning arrangements (land use planning intervention to increase the stock of affordable and first home buyer housing)
- ▶ homelessness services.

Each of these will bolster the growth of the community housing sector. A key challenge will be the Federal Government's appetite to use NHHA to press for expansion of the existing commitment to transfer 33 per cent of all social housing properties to community housing providers. It is expected that the Federal Government will conclude negotiations with the states by October 2017.

National Regulatory System for Community Housing

National regulation of community housing providers is another important piece of the policy architecture. The National Regulatory System for Community Housing was first mooted in 2009, legislated as the *Community Housing Providers (Adoption of National Law) Act 2012 No 59 (NSW)* and came into effect in January 2014, replacing state-based regulatory systems in all jurisdictions except Victoria and Western Australia.

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. Providers that undertake property development and borrow funds, like Bridge Housing, are assessed



The Minister for Family and Community Services, the Hon. Pru Goward, visits Ashfield with Bridge Housing and FACS staff.

as Tier One providers. (See Our performance on page 18 of this report). The aim of the NRSCH was to ensure regulatory consistency across Australia, reduce the compliance burden for community housing providers operating across state jurisdictions, and provide confidence to government and stakeholders, including financiers. It has changed little since 2009.

The NRSCH was premised on the assumption that the community housing sector would grow much more rapidly across Australia than it has. Different approaches by state jurisdictions to community housing, with different policy agendas and priorities, and a less active role by the Commonwealth have resulted in a sub-optimal regulatory system that needs reform. The 2017 AHURI Affordable Housing Capacity Study¹⁸ expresses concerns shared by community housing providers that the regulatory system is fragmented and, is not currently adding sufficient value.¹⁹

Commonwealth re-entry into housing policy, specific policy initiatives such as the bond aggregator, and the advent of the National Housing Finance and Investment Corporation (NHFIC) are a major impetus for regulatory reform and a real opportunity to deliver change. The

NHHA negotiations also offer an opportunity for reform of the National Registration System for Community Housing (NRSCH) and to re-engage the states and territories. Any changes must ensure national consistency, rigorous and strengthened financial governance, consumer (tenant) protection and provide public and timely information on the community housing sectors performance.

National Disability Insurance Scheme

Our Annual Report 2015 described the National Disability Insurance Scheme (NDIS) (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. The estimated unmet need for affordable housing for NDIS participants is between 83,000 and 122,000 properties.

The release of the Specialist Disability Accommodation Rules 2016 and NDIS Price Guide: Specialist Disability Accommodation²⁰ brought further clarity on the design and modification criteria and the rules and level of accommodation payment for housing

¹⁸ AHURI, Developing the scale and capacity of Australia's affordable housing industry www.ahuri.edu.au/research/final-reports/278, viewed 20 September 2017

¹⁹ The term regulatory system is used to refer to all the contract and regulatory regimes that providers are subject to.

²⁰ National Disability Insurance Agency, NDIS Price Guide Specialist Disability Accommodation. Valid from 1 July 2017, www.ndis.gov.au/medias/documents/hf8/hdf/8802881994782/SDA-Price-Guide-17-18.pdf, viewed 20 September 2017.

under the NDIS. The Price Guide sets out the subsidy for particular specialist disability accommodation (SDA) types and locations, including allowances for features, which range from \$12,000 to \$107,000 per annum. All participants will make a payment called the 'user cost of capital', which is set at 25 per cent of the Disability Support Pension plus 100 per cent of Commonwealth Rent Assistance.

This will revolutionise the provision of housing for disabled people. The sector will move away from specialist group homes to housing that looks and feels like housing that every Australian would want to live in.²¹ Investment in the NDIS is risky for providers, as they will only receive an SDA payment if an NDIS recipient is residing in one of their dwellings. Providers seeking to reduce the risk of vacancies will likely focus on smaller properties, such as apartments located close to transport and services. The Summer Foundation's Hunter demonstration project shows how it is possible to integrate ten apartments for people with disability in a 110-unit private development.²² Achieve Australia now provides 22 specialist disability accommodation

units, scattered in a complex of 490 apartments, built on the grounds of Crowle Home, which once provided institutional accommodation.²³

As momentum and innovation in disability housing provision builds, community housing providers will partner with disability service providers. Community housing providers will provide property and maintenance services, while disability providers focus on service support. Such partnerships are already emerging. Bridge Housing's 38-unit integrated development of social and affordable housing at Collett Parade, Parramatta provides six units for Achieve Australia service users and has been built to Livable Housing Australia silver design standard as adaptable housing.

NSW Government

The NSW Government released Future Directions, its ten-year strategy for social housing, in January 2016 and announced the outcomes of the Social and Affordable Housing Fund in March 2017. It is estimated that 23,000 new and replacement dwellings will be supplied but only 6,000 new dwellings will be additional supply. This is in face of 60,000 households on the social housing waiting list. As discussed in the Affordability Section on page 28, Sydney's population will grow by 1.6 million by 2031 and requires 660,000 additional new dwellings over this period. The NSW Housing Federation estimates that at least 100,000 new social housing dwellings are required to meet existing and future demand.

The NSW Government response is that more supply is the answer. Despite the announcement by incoming Premier Gladys Berejiklian in January 2017 that affordable housing was one of her top three priorities, the June Budget measures did not focus on additional supply for social and affordable housing. Historically high rates of housing approvals and completions are no brake on housing prices, which continue to rise.

Future Directions for Social Housing in NSW

Future Directions' plan to deliver 23,000 new social housing properties will be achieved through a number of programs to reform service delivery, 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.

Opportunities for the community housing sector offered by Future Directions include the Social Housing Management Transfer Program (SHMTP) and Communities Plus.

The SHMTP will transfer 14,000 properties with 20-year leases to the community housing sector, by tender. The SHMTP tender was opened in March 2017, offering nine packages, six in regional NSW and three in the Northern Sydney region of the Sydney metropolitan area.²⁴ Successful tenderers will be advised in September 2017 and transfers completed by 2020. The NSW community housing sector will then increase its share of social housing managed in NSW, from 18 to 32 per cent, and become the largest community housing sector in Australia, holding 60 per cent of all community housing in the country.²⁵ The SHMTP will transform successful providers. Bridge Housing has secured the Northern Beaches package through which our portfolio increases from 2,000 to 3,300 properties, an increase of approximately 70 percent.

Communities Plus requires community housing organisations to partner with private developers to redevelop sites into a mix of private, affordable and social housing then manage the social and affordable dwellings. It has three strands:

Redevelopment of major sites such as Ivanhoe, Telopea, Riverwood, and Waterloo. These are large scale redevelopment sites which require the involvement of significant private sector developers with access to long term finance; the capacity to redevelop sites over 10 years and



Bungaribee residents Anne Marie & Paul Azzopardi

21 Luke Boshier, 'NDIS Housing Funding Principles Announced', Disability Services Consulting, 16 August 2016, www.disabilityservicesconsulting.com.au/next-gen-housing, viewed 20 September 2017.

22 Summer Foundation, Hunter Housing and Support Demonstration Project, www.summerfoundation.org.au/what-we-do/housing/hunter-housing-and-support-demonstration-project/, viewed 20 September 2017.

23 Andrew Taylor, 'Crowle Estate: new apartments offer people with disability a home to call their own', *The Sydney Morning Herald*, 21 August 2017, www.smh.com.au/nsw/crowle-estate-new-apartments-offer-people-with-disability-a-home-to-call-their-own-20170820-gy05y9.html, viewed 20 September 2017.

24 NSW Department of Family and Community Services, Industry Soundings, www.facs.nsw.gov.au/reforms/social-housing/management-transfer-program/industry-soundings, viewed 20 September 2017.

25 Australian Institute of Health and Welfare, Housing Assistance in Australia, viewed 20 September 2017.

deliver new mixed communities where social housing blends in with private and affordable housing; and with better access to transport and employment, improved community facilities and open spaces.

Other sites will be released through 2017–18.²⁶

Redevelopment of neighbourhood sites of 100 to 300 dwellings. The NSW Government has released three rounds, with a potential for 12 rounds. Bridge Housing has successfully tendered for the first two rounds. In the first we secured a site in Seven Hills to deliver 118 dwellings. In the second we have partnered with a listed developer for a site in North Parramatta which will deliver 200 dwellings of which 63 will be social housing.

Outsourcing of project management to community housing providers on **Project Management Sites**. Previously the Land and Housing Corporation controlled project management and tendered small redevelopment sites, delivering 10 to 20 dwellings, to smaller project builders. Now project management is tendered to community housing providers who will be responsible for tendering and managing the delivery of social housing. At completion, the community housing providers will secure management of the properties. Round One was released in early 2016–17 and Bridge Housing successfully secured project management of four sites which will deliver 50 dwellings by the end of 2017–18.

This is a positive start, as it enhances community housing provider capacity by providing a pipeline of projects and builds partnerships with the private sector to deliver new properties to replace ageing properties. However, it potentially leaves community housing organisations with shallow balance sheets, exposed to significant levels of risk.

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. The NSW Government will invest the funds and the program will be rolled out in a number of phases.

Phase One was to deliver 3,000 additional social and affordable homes in metropolitan and regional NSW, with access to integrated support services through tenant support coordination. 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.

In Phase One, the SAHF will purchase service packages from private and not-for-profit consortia, which will buy 25 years of social and affordable supply, at which point the properties can be sold. Bridge Housing was one of 24 tenderers as part of the plenary consortium and we were invited to enter into the Request for Tender phase although we were not successful.

The government is expected to announce SAHF Round Two in mid-to-late 2017. One of the criticisms of the SAHF is that it was an over-engineered, complicated and had high tender costs, particularly around legal reviews. It's hoped that the feedback will lead to a simplified tender process.

NSW IPART's review of rent models

Under Future Directions for Social Housing in NSW the government tasked the Independent Pricing and Regulatory Tribunal (IPART) to review social and affordable housing rent models.²⁷ The draft report was released in early April 2017, and a final report was delivered to the Minister of Social Housing at the end of July 2017. Sensibly, the review found that an income-based rent contribution (the current model) while complex, is the best option to keep rents affordable for tenants.

The IPART report did not recommend any changes to tenant eligibility. However, it recommended better matching of tenants with their housing requirements. The problem of a shortage of properties that meet tenant needs is being addressed through the Communities Plus program.

The report also acknowledged that the current rent settings do not produce enough income for providers to meet existing need and maintain properties. It recommended the NSW

Government fund the gap between the tenants' contribution and the cost of providing social housing through direct subsidies to the housing providers. IPART estimates the subsidy to be in the order of \$950 million per annum.

However, the report reinforced the position of NSW Treasury that the NSW Government should not provide subsidies for affordable rental housing. The NSW Government was due to respond to the review in July, with a final report due in September 2017.

The NSW planning system

The NSW planning system affects housing affordability as it establishes the regulatory regime for the quality, type and built form of housing and, through planning controls, sets the type of housing, whether low, medium or high density. It is also offers a mechanism to help increase the level of affordable housing through inclusionary zoning or value capture, which are used in many international jurisdictions to secure affordable housing.

Overall this year has proved to be another disappointing year of inaction, despite plummeting housing affordability and Sydney having the distinction of the second highest housing prices in the world. (see the Affordability section on page 28).

The key events this year include the appointment in January 2017 of The Hon. Anthony Roberts as the new Minister for Planning and Minister for Housing, replacing The Hon. Robert Stokes. Minister Stokes had considerable experience in planning and was thought to be focused on specific policy measures to increase the supply of affordable housing, in addition to market responses. Minister Roberts's focus reflects the broader NSW Government approach that more supply will fix all. This has led to an increase in priority growth areas and precincts which will enable greater density, the Sydenham-Bankstown Urban Growth Corridor and the Greater Parramatta Priority Growth Area.²⁸ There are no targets for affordable housing or any planning mechanisms to secure affordable housing in any of these precincts.

²⁶ NSW Department of Family and Community Services, Communities Plus; www.communitiesplus.com.au/, viewed 20 September 2017.

²⁷ IPART, Review of Social and Affordable Housing Rent Models, www.ipart.nsw.gov.au/Home/Industries/Special-Reviews/Reviews/Affordable-Housing/Review-of-Social-and-Affordable-Housing-Rent-Models?qDh=2, viewed 20 September 2017.

²⁸ Priority Precincts are areas generally located around transport corridors or strategic centres and have broad social, economic and environmental significance for the community. NSW Department of Planning, Priority Growth Areas and Precincts, www.planning.nsw.gov.au/Plans-for-your-area/Priority-Growth-Areas-and-Precincts, viewed 20 September 2017.

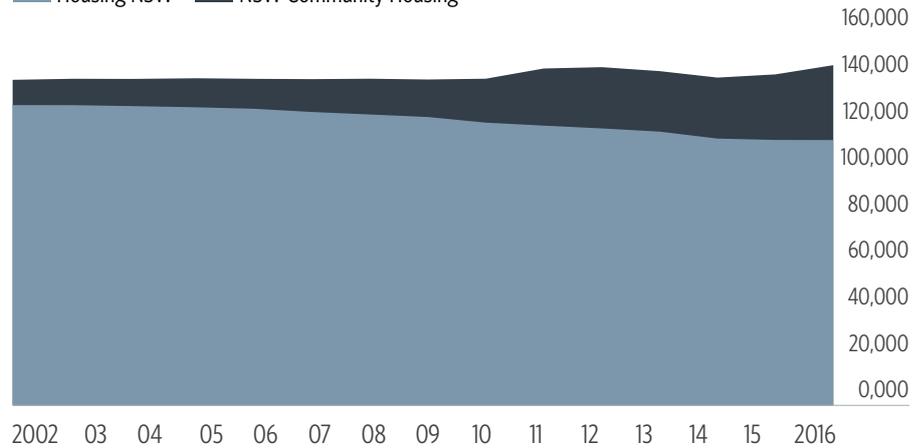
Operating Environment 2016–17 (continued)

Two other approaches include extending independent hearing and assessment panels (IHAPs) across all council areas in Sydney and Wollongong, and simplifying the planning approval (development application) process. Both approaches are positive: the first means councillors will no longer be able to make decisions on many development applications, including those above \$5 million in value but below \$30 million, and those involving voluntary planning agreements. Bridge Housing’s experience of the Parramatta Regional IHAP assessment of our social and affordable housing development at Collett Parade, Parramatta was positive. The second may speed up planning agreements. However, their impact on housing affordability is less certain, particularly because NSW is now experiencing a record rate of planning approvals.

Incentives for first home owners introduced in the June State Budget²⁹ will have little impact on the market as they contain the same essential weakness as previous subsidy schemes, which is that the subsidy is simply absorbed in higher housing prices.³⁰ It is clear that the current minister is not pursuing the extension of affordable housing and the planning instrument SEPP 70 in the *Environmental Planning and Assessment Act 1979* 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.

The Greater Sydney Commission (GSC), a new planning body that sits between the state government and councils, released *Towards our Greater Sydney 2056* in November 2016.³¹ It builds on and proposes amendments to the metropolitan strategy, *A Plan for Growing Sydney*, released in 2014 and six associated draft district plans. The plan provides a blueprint for the NSW Government to ensure the economic, social and environmental outcomes for Sydney as it grows from a city of 4.7 million in 2016 to 6.4 million in 2036.³²

Growth
NSW community housing growth, 000s 2002-16
■ Housing NSW ■ NSW Community Housing



With a shortfall of 100,000 social and affordable dwellings in 2017, it is critical that the GSC establishes targets and mechanisms to secure more affordable housing. The GSC has included an inclusionary zoning proposal, based on ‘uplift’ created by rezoning for higher densities, and has a target of 5-10 per cent affordable housing for very low and low income households. It is positive that the GSC appears to view community housing providers as playing an important role in managing, owning and delivering affordable housing. However, the quota of 5-10 per cent is minimal, both in terms of responding to housing need and in comparison to other jurisdictions, where 25 to 30 per cent is the norm. The quota should also be higher on government land and should incorporate moderate income households, who are now increasingly experiencing housing stress.

Conclusion

The NSW Government continues to be the most dynamic in Australia when it comes to supporting the growth and capacity of the community housing sector. The state has both the largest sector and the largest providers in Australia and the [Social Housing Management Transfer Program](#) will spur further growth.

However, growing the community housing sector will not be enough to deal with the housing needs of low to moderate income households who will never be able to own a home and are lining up in an increasingly unaffordable and insecure private rental sector. Future Directions will only add 6,000 additional dwellings over 10 years, when we require a minimum of 100,000 just to meet the needs of very low to low income households. There is little evidence of a strategy across the NSW Government or coordination between central agencies such as the Department of Premier and Cabinet, Treasury, Department of Planning, or FACS/LAHC.

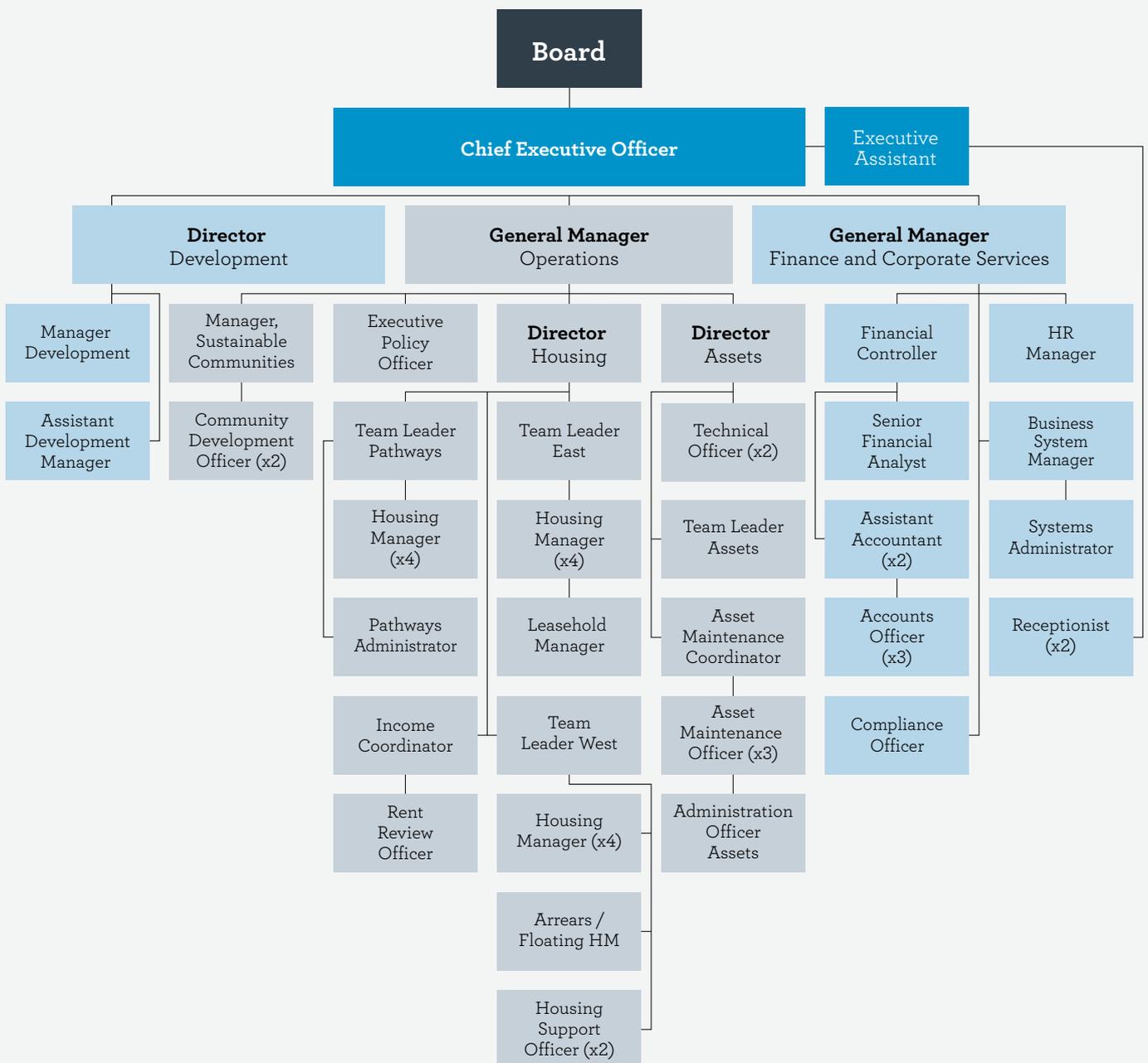
Supply is important, but it also needs to be directed to where the market is failing to provide. The Commonwealth’s renewed focus on affordable housing policy is welcome and the government and opposition appear to share a common policy platform on instruments like the bond aggregator to secure institutional investment. They seem to understand a subsidy is required to meet the return gap, and both are committed to negotiating a more expansive housing agreement with states.

Next year will be a very interesting year for affordable housing policy in Australia and the role of the community housing sector in the debate.

29 NSW Government, A fair go for first home buyers, <https://www.nsw.gov.au/improving-nsw/projects-andinitiatives/first-home-buyers/>, viewed 20 September 2017.
30, 31, 32 Greater Sydney Commission, *Towards our Greater Sydney 2056*, November 2016, www.greater.syddney/towards-our-greater-sydney-2056, viewed 20 September 2017.

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 senior executive team on page 42. See Our Performance on page 18 for a description of how we met our [Business Plan 2016-17](#) critical success factors.



Our Board of Directors

Bridge Housing is governed by a board of independent, non-executive directors, who determine the strategy for the organisation and manage risks. Directors are chosen based on their skills and expertise in one or more areas: social housing management, finance, community welfare, property development and procurement, law, social policy development, information technology and human resources management.

Following a rigorous selection process, Graham Monk was selected to fill the casual vacancy created by Alan Revell's resignation in April 2016 and was elected as a director of Bridge Housing for a three-year term at the Annual General Meeting in November 2016. Helen Wood resigned from the Board on 26 October 2016 after serving for 14 years.

Chairman

Mark Turner



BSc, MRICS,
GAICD

Joined Bridge
Housing
Board in 2014

Elected Chair
December 2015

Member Asset
and
Procurement
Committee

Skills: property development,
finance, real estate

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

Mark graduated from the University of Portsmouth UK with a Bachelor of Science in Urban Land Administration, is a member of the Royal Institution of Chartered Surveyors, and is a licensed real estate agent in NSW.

Directors

Dick Persson AM



BA, FAIM,
FAPI

Joined Bridge
Housing Board
in 2009

Chair of
Human
Resources
Committee,
Nominations
and Marketing
Committee

Skills: Housing policy, planning and local government, capital works procurement, management, and government administration

Dick brings many years of experience in the New South Wales and Queensland public service and local government. Until September 2017 he was administrator for the newly-formed Northern Beaches Council. He has served as a director general of 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. Dick has held a number of senior board positions, including chairing the Central Sydney Health Service, Healthquest, and the Sydney Harbour Foreshore Authority.

Shirley Liew



BBus, MBA,
Grad Dip
Appl Finance,
FCPA, FTIA,
MIIA, FAICD

Joined Bridge
Housing Board
in 2009

Chair of
Finance Risk
and Audit
Committee

Skills: Finance and risk management

Shirley is a professional non-executive director and has a range of business interests. She leads 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 of 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. Shirley is also chair and director of Outset Group (Ambertiles Australia) Pty Limited.

Carolyn Scobie



BA LLB, Grad Dip CSP,
MA (Japanese), GAICD

Joined Bridge Housing
Board in 2015

Member of Human
Resources and Nominations
and Marketing Committee

Skills: Legal

Carolyn has over 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 Milligan



BSc, BEng (Electrical)

Joined Bridge Housing
Board in 2007

Chair of Asset and
Procurement Committee

Skills: Asset management

Gary has had an extensive career as a professional engineer in the NSW public service with diverse roles in the delivery of the state's buildings and infrastructure. His experience encompasses policy development; project planning, evaluation and design; and project procurement and construction management. He is an experienced company director in the community housing sector and has undertaken training in the role of company director.

Graham Monk



BComm (Hons),
FCPA, MAICD

Joined Bridge Housing
Board in April 2016

Member of Finance Risk
and Audit Committee

Skills: Finance, Real Estate
and Funds Management

Graham has extensive financial and commercial experience, having worked for CSR, Lend Lease, Lion Nathan, and as finance director of Investa Property Group, a diversified property group that is one of the largest owners of commercial offices in Australia and has assets valued at more than \$6 billion. He now works as a consultant and non-executive director and sits on the boards of Tenix Group, 151 Property Core Plus Management and Arcadia Funds Management.

Helen Wood



BSc (Hons) Psychology,
MRICS, MAHI

Joined Bridge Housing
Board in 2002, retired
October 2016

Skills: Social housing
provision from the
perspective of a provider,
property development
Member of Asset and
Procurement Committee

Helen is a chartered surveyor with 36 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.

Our Executive Team

The executive is responsible to the Bridge Housing Board of Directors through the CEO and is charged with delivering our 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: John Nicolades, Christopher Dib, Rebecca Pinkstone, David Miller

John Nicolades

BA, BSW, GradDipAppFin
Chief Executive Officer

John has led Bridge Housing Limited since 2006. Under his leadership, the organisation has grown from 650 properties to 1,915. He has transformed the company from a small not-for-profit into a company that has a strong social purpose, founded on an efficient and effective business with a

clear and disciplined 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, overseeing child care, disability services, home and community care services, as well as housing policy development.

He is the NSW representative on the Community Housing Industry Association (CHIA) Board. He has advised federal and state governments on housing policy.

Rebecca Pinkstone

BA, MPS
General Manager, Operations

Rebecca joined Bridge Housing in June 2013 and was 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 operational and policy positions in FACS in the areas of social housing policy, community regeneration, homelessness and direct public housing management. Rebecca has strong experience in delivering affordable housing initiatives, having led major community housing reforms to the sector including the NSW Government's Property Transfer Program, Housing Pathways and the

Nation Building Economic Stimulus Program. Rebecca also led the delivery of the \$397 million National Partnership Agreement on Remote Indigenous Housing working in partnership with the NSW Aboriginal Housing Office.

Prior to her work in housing policy, Rebecca worked in the areas of social planning, crime prevention and domestic violence in both state and local government.

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

human resources management, and risk and compliance frameworks.

David is a Certified Practising Accountant and has extensive 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 Dib is an accomplished development director with 20 years' experience in the Sydney property market. He ensures the long-term viability of Bridge Housing's multi-million dollar development portfolio.

Christopher received his Bachelor of Commerce in Land Economics from the University of Sydney in 1998 and from there developed his passion for property. As a registered property valuer and Associate of

the Australian Property Institute, his work at Bridge Housing draws on his private and public sector experience.

Chris previously worked for the NSW Government in the Land and Housing Corporation and was responsible for acquiring and developing over 130 social housing properties under the Nation Building Economic Stimulus Plan—Social Housing Initiative, with a development cost of \$40 million. At Ageing, Disability and Home Care he was responsible for the boarding house and group home delivery programs. His commercial acumen in his work

for the private sector enabled him to negotiate the acquisition of a \$50 million development in Erskineville for AV Jennings Developments during the Global Financial Crisis, which returned margins in excess of 30 per cent.

Since becoming Bridge Housing's Development Director in 2013, Christopher has been directly responsible for the delivery of 258 properties and this will increase to 420 properties into 2017–18. This represents an overall increase in the organisation's portfolio of 13 per cent and an end value of over \$130 million.

Spotlight 3: Hand Up

A Hand Up for tenants out of debt

Bridge Housing has a very low arrears rate of 1.5 per cent but our tenants sometimes face difficult life circumstances. Serious illness, trauma and family breakdown can affect their mental wellbeing and their ability to pay their rent and other living expenses, and tip them into rental arrears.

We find most tenant arrears can be resolved quickly and tenancies can be put back on track with proactive tenancy management and by linking clients to support services. But when tenants have more complex circumstances, they can become caught in a cycle of missed payments and failed repayment plans and their arrears spiral. These tenants face very real risk of eviction and homelessness.

In May 2016, Bridge Housing piloted Hand Up, a new program to address the needs of this small but significant cohort of people with intractable debt. Designed to complement existing housing management and support activities, Hand Up is an innovative approach to supporting tenants to save their tenancies and break the debt cycle.

Hand Up is based on the successful Work and Development Order (WDO) model used by the NSW Government. It enables people experiencing acute financial hardship to pay off their fines by engaging in approved activities. Like WDOs, Hand Up offers Bridge tenants an alternative, non-monetary way of paying down their arrears through activities that build their skills and resilience to address the

underlying issues that have led to their debt. Activities are selected in consultation with the tenant, tailored to their needs, and run by program sponsors. Designated activities include mandatory financial counselling, as well as life skills, education, training and employment readiness courses, community volunteering, and health-related treatment programs.

The program is assisted by sponsorship from Neami National, Bobby Goldsmith Foundation, Partners in Recovery, the Albion Centre, Community Health, Eastern Suburbs Community Support, Benevolent Society, Community Rehabilitation and Support Worker, Aftercare, Junction Neighbourhood Centre and Domestic Violence Services Management.



Hand Up helped "Jodie" out of debt

“The most significant impact for me was knowing that someone else thinks I’m worth working on. Because if they think I’m worth working on, that makes me want to work on myself too.”

(Hand Up participant)



Bridge Housing tenants (left to right) Julie Nunes, Pamela Pryor and Clive Matthews

Hand Up sits alongside traditional approaches to manage significant arrears. Tenants embark on a formal repayment plan through a Specific Performance Order (SPO) from the NSW Civil and Administrative Tribunal. Hand Up tenants continue to pay their SPO while undertaking

program activities, and fast track their arrears repayment.

In December 2017, Bridge Housing commissioned Rooftop Social to conduct an external, independent evaluation of the program’s design and effectiveness. The 10 tenants engaged in Hand Up all retained their tenancies and paid back more than half of the total arrears, in cash or in kind. Four tenants have completed the program and completely resolved their arrears.

The program has fostered closer relationships between sponsors and Bridge Housing staff and demonstrates Bridge Housing’s capacity to work in partnership with other organisations to provide our tenants with client-centred, wraparound services.

“With this individual, he wouldn’t have asked for help early. It’s preventive. It has helped so much.”

(support partner)

“Without Hand Up she would have been evicted. She would lose her children. Her mental illness would go untreated and she’d be at high risk of suicide.”

(support provider)

On the strength of the pilot’s success, Bridge Housing moved to make Hand Up a permanent program in April 2017. Thirteen tenants were supported to better housing and financial futures by the end of 2016–17. In May 2017, Hand Up won the NSW Leading Innovation category at the Australasian Housing Association Professional Excellence in Housing Awards.



GM Operations, Rebecca Pinkstone; Manager Service Innovation, Reece Plunkett; Legal Aid NSW, Andrew Taylor; CEO Homelessness NSW, Katherine McKernan; Legal Aid NSW, Meredith Osborne; and Options Youth Housing, Kate Witherdin.

Our People

Stay, Say and Strive

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

The Bridge Housing People and Culture Strategy **Stay, Say and Strive** gives us a holistic view of our shared resources and values and a focus on how to develop and support our employees as we prepare for growth and continue to raise our performance.

Stay – Engaged employees have an intense desire to be part of Bridge Housing. As a mission and values driven not-for-profit community housing provider, we offer our employees the opportunity to be engaged in work that makes a difference to people's lives. Our Total Rewards package includes attractive conditions

and a range of benefits because we believe employee satisfaction equals customer satisfaction, which equals business success.

Say – Engaged employees consistently speak positively about the company to colleagues, potential employees and customers. We actively seek employee participation in our planning activities and have a number of channels for engagement, collaboration and consultation.

Strive – Engaged employees volunteer extra effort and engage in behaviours that contribute to the company's

success. To support employees to strive, our learning and development program enables employees to perform at their best and achieve their full potential. We are committed to the ongoing enhancement of our capabilities to meet current and future business needs.

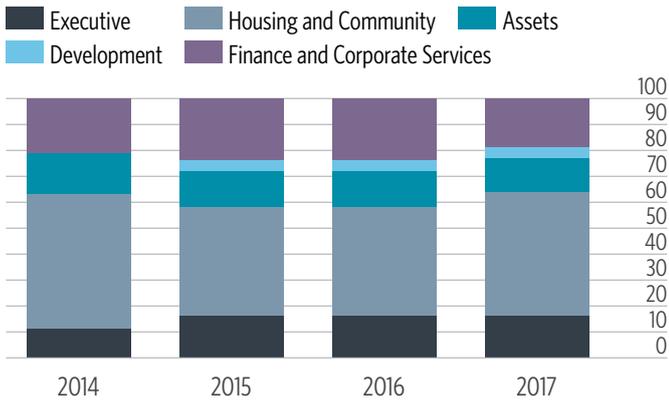
Through our 2016–17 Business Plan, Bridge Housing continued to focus on our key asset, our people. In 2016–17 we addressed issues that were identified by our 2015–16 [Employee Opinion Survey](#). We also systematically implemented the refreshed People and Culture Strategy as we embarked on the next phase of our growth and development.



Housing Manager Janine Heagney plays with a young resident at Kid's Day

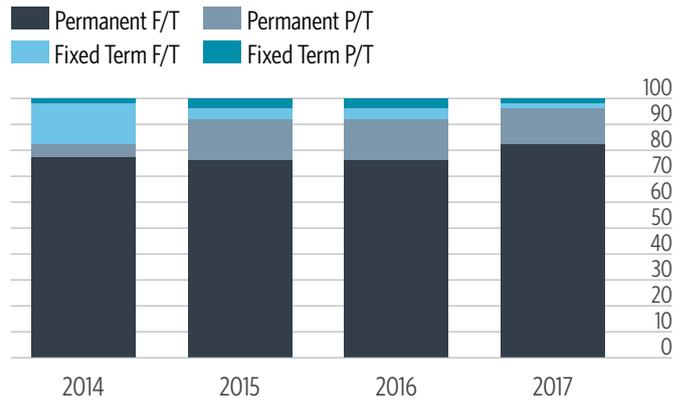
Departments

Employee (percentage), 2014-17



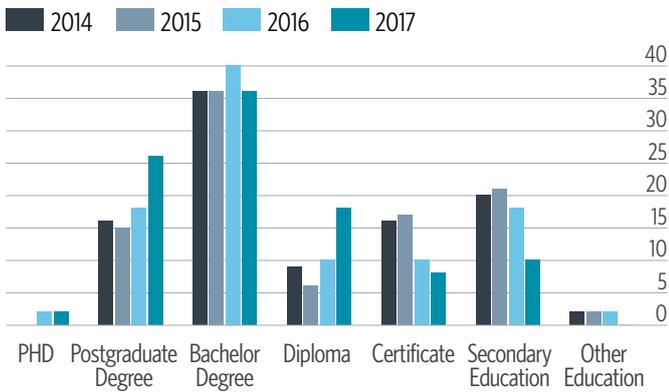
Employee status

Employee contractual status (percentage), 2014-17



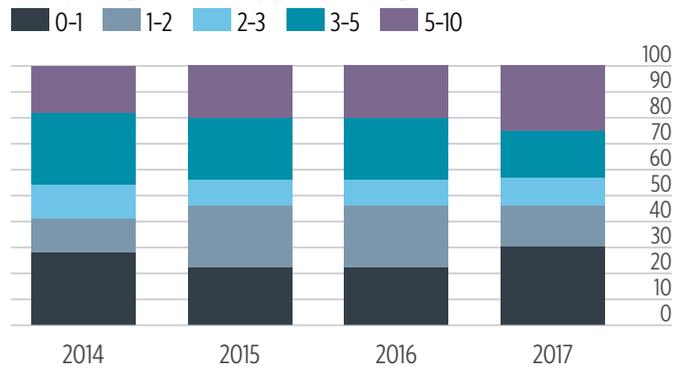
Education

Level achieved (percentage), 2015-17



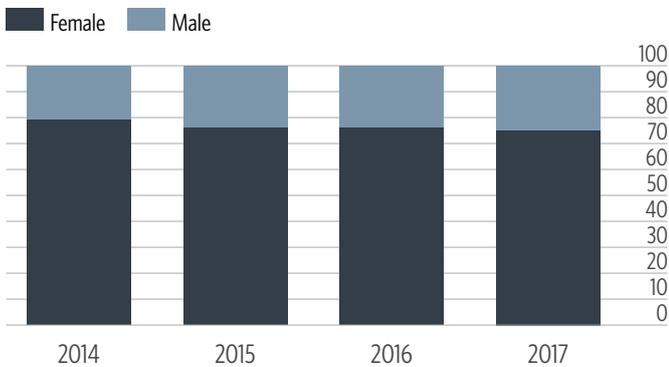
Tenure

Employee length of service by year (percentage), 2014-17



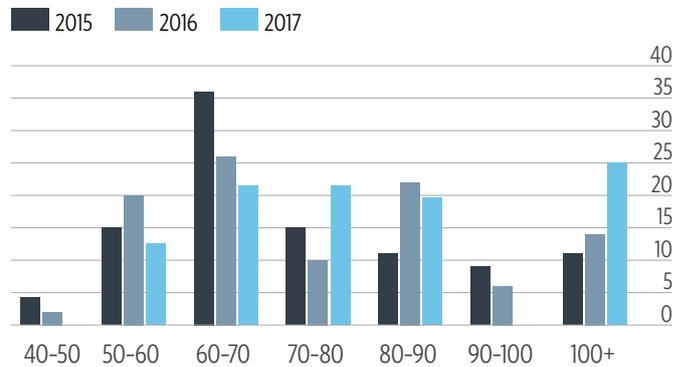
Gender

Employees (percentage), 2014-17



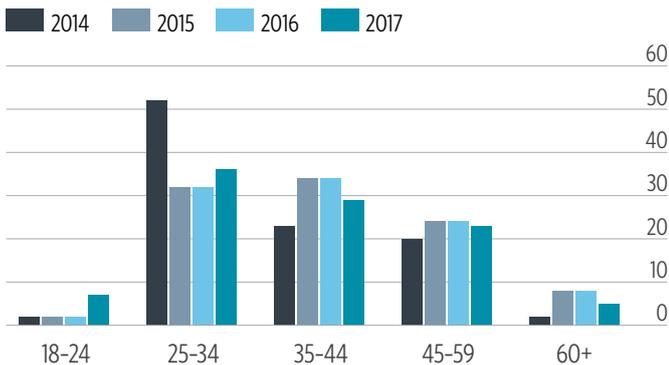
Salary band

Staff salary band (percentage), 2015-17



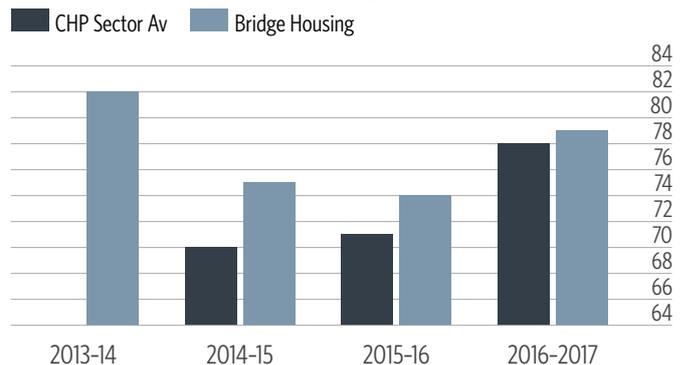
Employee age

Employee age distribution (percentage), 2014-17



Employee engagement

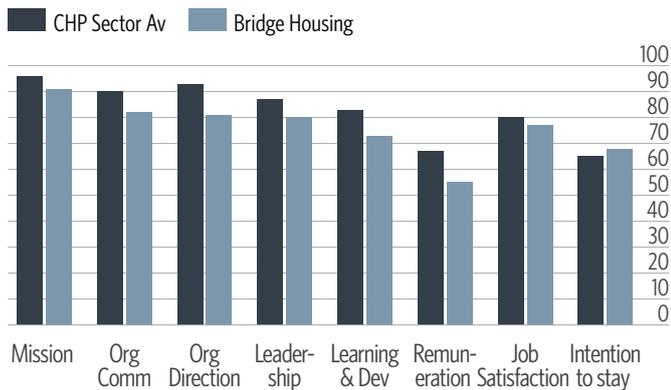
Bridge Housing compared to sector average (percentage), 2014-17



Our People (continued)

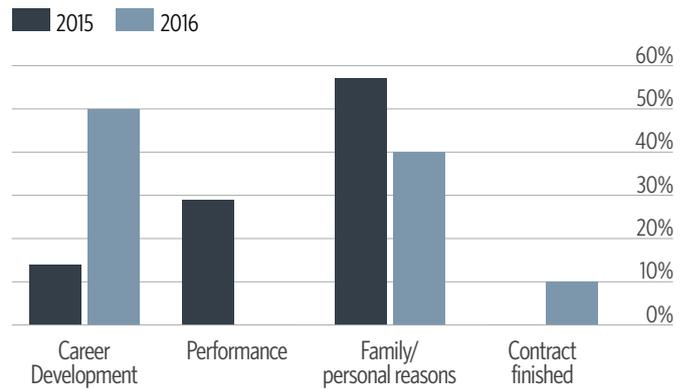
Employee opinion survey

Bridge Housing compared to sector average (percentage), 2017



Separation reasons (percentage)

2015 & 2016



During the year key, human resources activities and deliverables included:

- employment of a full time Human Resources Manager to drive delivery of the People and Culture Strategy and take the delivery of human resources services to the next level
- review and implementation of a revised recruitment and selection policy
- commencement of White Ribbon accreditation to highlight the issue of domestic violence as a workplace and service issue
- enhancement of our Total Rewards program through the addition of skin cancer checks and a subsidised quit smoking program
- renegotiation and extension of our office lease until June 2018 and leasehold improvement works to improve office amenities
- continuing support of our learning and development program and expansion of the availability of online e-learning courses.

Employee profile

As at 30 June 2017, the Bridge Housing employee complement was 52 full-time equivalent positions. This is a 13 per cent increase from 30 June 2016.

Our employees work from our head office in Redfern, across three functions:

- Operations (Housing and Assets Services)
- Development Services
- Finance and Corporate Services.

The increase in employee numbers reflects Bridge Housing's growth in operations across all parts of the business. During the year we expanded the capability of the organisation through the creation of two new roles:

- Manager, Human Resources in the Finance and Corporate Services team
- Manager, Service Innovation in the Operations team

These specialist roles enhance the depth, knowledge and skills of our leadership team as we prepare for growth. Our executive team remained stable throughout the year.

Employee Opinion Survey

In April 2017, Voice Project conducted our sixth consecutive Employee Opinion Survey (EOS). Voice Project, a research company at Macquarie University, specialises in employee opinion and engagement surveys and in 2013-14, with Blooming HR and the support of the NSW Housing Federation, developed a survey specifically for the community housing sector that is used by 12 providers.

The survey uses industry averages as benchmarks and provides insights into how employees experience Bridge Housing and their working environment. It helps us identify measures and initiatives to drive improved engagement and, as a corollary, performance.

In 2016-17 we received a 96 percent response rate to our EOS. We achieved a rating of 79 per cent employee engagement, which is six per cent higher than our 2016 survey results and equal to the sector average.

There were measurable improvements in most areas. We are delighted to note this occurred in the areas we focused on after the 2016 survey, and which we incorporated into our 2016-17 plans:

- Technology grew from 42 per cent to 72 per cent. This reflects our shift in focus from System Support and Administration to a broader Business Systems approach incorporating software, hardware and system integration.
- Process satisfaction grew from 45 per cent to 70 per cent. This reflects the work that has been undertaken to streamline processes, particularly those involving multiple business departments. The increase also reflects implementation of more structured feedback mechanisms, including new starter feedback to support process improvements.
- The combination of introducing a suite of training programs focused on career development, empowering employees to act up in senior roles to achieve promotions, and maintaining a commitment to advertising all roles internally and externally, reflected in the growth of employee satisfaction in both career opportunities, from 35 per cent to 62 per cent, and the recruitment and selection of new employees, from 62 per cent to 78 per cent.
- Cross-unit cooperation grew from 59 per cent to 81 per cent. This in part reflects the streamlining of procedures for complex processes involving multiple teams. It also points to improved intra-business communication and feedback mechanisms.

We continue to score very strongly in key organisational measures. The progress result, which reflects employees' perception of organisational performance, grew from 79 per cent to 88 per cent, indicating that the majority of our employees are satisfied with the organisation's progress and success in delivering outcomes. Staff satisfaction with organisation direction grew from 86 per cent to 93 per cent and the rating of our mission and values was consistent with last year at 96 per cent.

Teamwork, personal motivators and engagement are at very high levels. However, the intention to stay result, while improved from last year and just 3 per cent below the industry average, is still too low at 65 per cent.

We held a planning session with employees in June 2017 to communicate the survey results and develop key action points to address barriers to staff engagement. This was in addition to a number of initiatives already identified in the 2017-18 Business Plan that are intended to directly address some concerns identified through the survey results. This includes:

- ▶ building capabilities in our people
- ▶ developing an employee recognition program to drive performance and reward our employees.

We are targeting employees' intention to stay and new opportunities for employees through our 2016-18 Strategic Plan and 2017-18 Business Plan. In particular, our Fit for Growth project aims to place Bridge Housing in a good position to achieve growth through the [Social Housing Management Transfer Program](#).

Employee turnover

Our employee voluntary turnover rate in 2016-17 increased to 24 per cent. Overall during the year, 13 employees resigned but our employee complement increased to 52 full time equivalent positions.

We believe that a certain level of turnover is healthy, as new employees bring fresh ideas, although the current turnover rate is higher than our target range. In 2017-18 we will review our retention strategies to encourage and drive employee retention.

We undertake a comprehensive exit interview when an employee leaves,



Sustainable Communities Manager Francesca Cathie with Tara Vaughan from Randwick Council

which provides additional information on our strengths and where we can improve. Of the 13 employees who resigned, 50 per cent cited career opportunity, which is consistent with the lack of career opportunities identified in our employee engagement results. A further 40 per cent cited personal reasons, including interstate relocation and family necessity, and 15 per cent cited a poor relationship with their manager.

We recognise that in some areas of the work, particularly housing management, the average employment period is about three years, owing to the demanding nature of these face-to-face positions.

Performance management

In 2016-17, Bridge Housing continued to embed and implement our online talent management system, Cognology, and commenced work on a custom onboarding module that will be launched in 2017-18.

Our talent management system is used to:

- ▶ assess capability and develop individual development plans
- ▶ request and track training
- ▶ monitor progress and rate overall performance against individual and corporate KPIs
- ▶ document individual career plans
- ▶ 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 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 an introduction to community housing, which are added to each new employee's probationary performance plan. Employees complete these compliance modules as part of their probation and transition to permanent employment. In addition, we provide new employees with opportunities to shadow other workers across all the functional areas of Bridge Housing so they can understand the totality of Bridge Housing's operations.

Cognology also provides a reporting tool whereby we can look at capability, strengths and weaknesses across the organisation, helping us to determine training needs at the individual and organisation level.

Learning and development

Learning and development continued to be a focus for Bridge Housing in 2016-17. Our commitment to learning and development and career opportunities helped improve our employee satisfaction scores in this area to their highest level since the commencement of our employee opinion surveys.

During 2016-17 we continued to offer opportunities for career development by enabling employees to act up in a more senior role, achieve promotions, take secondments and by maintaining a commitment to advertising all roles internally and externally. We offered 12 employees (23 per cent of our workforce) the opportunity for

Our People (continued)

promotion, higher duties or acting up. Offering these opportunities supports our growth plans and prepares people for succession, significantly reducing our risk.

Bridge Housing continued to educate its staff using face-to-face sessions, eLearning and on the job training. We have a robust training calendar that is directly linked to what people have requested in their personal development plans. We are providing managers with career coaching training this year and have a very healthy study assistance, study leave and training and conference budget. We believe that by investing in the development of our staff, we are supporting employees' careers and their opportunity to feel in control and on top of things at work.

2016-17 saw us undertake the following training and development:

Technology

- ▶ Complispace
- ▶ Tableau

Housing and community

- ▶ Working with Clients
- ▶ Social Impact Measurement
- ▶ Cultural Competency Standards
- ▶ Administration
- ▶ Assurance Training
- ▶ Planning for your Housing Portfolio

Finance

- ▶ Excel

Cross organisational

- ▶ Cultural Awareness Training
- ▶ Career Development Skills
- ▶ Giving and Receiving Feedback
- ▶ Manager as Career Coach
- ▶ Management Training
- ▶ Business Writing Skills and Advanced Writing Skills
- ▶ Bullying and Harassment (On Commencement)
- ▶ Preventing Violence Against Women
- ▶ Work with Clients within the Social Housing System

Conferences

- ▶ CPA Conference
- ▶ NSW Housing Federation
- ▶ Masterclass, Australian Housing Institute
- ▶ Affordable Housing

- ▶ Community Housing
- ▶ Tenant Union
- ▶ SmallTalk
- ▶ SDM (Structured Decision Making)
- ▶ Multicultural NSW
- ▶ Powerhousing Australia
- ▶ Specialist Disability
- ▶ AHI Excellence in Housing Awards
- ▶ Gold Sponsor Affordable Housing

Total Rewards Program

We relaunched our annual Total Rewards Program to introduce new benefits and to communicate our Total Rewards Program to new employees.

The Total Rewards program includes:

- ▶ an extra day off on the employee's birthday
- ▶ additional leave on the days between Christmas and New Year
- ▶ flexible working arrangements
- ▶ study assistance
- ▶ discount food and coffee from local retailers
- ▶ salary packaging
- ▶ peer Thank You Awards
- ▶ gym discounts
- ▶ weekly delivery of fresh fruit
- ▶ annual flu shots
- ▶ paid parental leave (above the government scheme)
- ▶ subsidised skin checks and quit smoking program
- ▶ Bridge Housing Keep Cups.

Employee satisfaction with our Total Rewards Program continues to be high at 81 per cent, and 79 per cent of employees are satisfied with their remuneration and benefits, which is up 8 per cent from the previous year.

Health and wellbeing

Our 2016-17 Health and Wellbeing program was aligned and adjusted based on the demographic and needs of our business.

Our Health and Wellbeing program included a focus on building resilience, improving internal relationships and cross team communication. Employees are given an additional day of leave to participate in cross team volunteering days. In 2016-17 employees could choose to volunteer to work with animals at RSPCA or

children at Ronald McDonald House.

We also extended our health and wellbeing program by introducing monthly Employee Supervision. At Bridge Housing we recognise that frontline employees, such as housing managers and team leaders, handle complicated issues on a day-to-day basis, as a large portion of the housing portfolio include tenants presenting with complex needs.

To assist our frontline employees, we have introduced debriefing group sessions, facilitated by an external psychologist. The groups are set in a comfortable and non-judgemental environment where employees can share the challenges they face and possible ways to address the issues they encounter to facilitate a culture of sharing and continuous improvement.

For employees wanting to get fit and raise money for charity, for the third year in a row we held an eight-week training program and paid their entry into the 2016 Blackmores Bridge Run. Twenty employees with a range of abilities and fitness levels walked, jogged and ran the nine kilometre course and raised over \$3,000 for White Ribbon.

All these events and programs align with **Stay, Say and Strive** to build cross-unit cooperation and improve team cohesiveness. The results were clearly measurable through our survey as our ratings increased from 61 per cent to 72 per cent in cross-unit cooperation and teamwork from 93 per cent to 100 per cent.

Our Employee Assistance Program was used by four employees through both face-to-face and telephone support.

Equity, diversity and inclusion

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

In 2016-17 we established a Diversity Committee, chaired by Rebecca Pinkstone, General Manager Operations and sponsored by the CEO John Nicolades.

The role of the committee is to inform and assist Bridge Housing in promoting and encouraging diversity and inclusion by:

- ▶ providing advice and recommendations to the executive team and the Human Resources Committee regarding matters of diversity and inclusion
- ▶ looking for opportunities to celebrate diversity and inclusion in the workplace
- ▶ reviewing policies, procedures and other Bridge Housing documentation to ensure they align with the Bridge Housing Diversity and Inclusion Policy
- ▶ ensuring Bridge Housing employees are provided with ongoing training in diversity and inclusion.

Women make up 75 per cent of our employees, consistent with the gender balance in the health and community services sector. We met our target for diversity in management, with 56 per cent of the senior management team positions held by women and 44 per cent are from a culturally and linguistically diverse (CALD) backgrounds. In the senior executive team, women comprise 25 per cent and CALD compromise 25 per cent.

As part of our commitment to improving gender diversity, we have committed to no fewer than 40 per cent of Board positions being held by either gender. Due to one of the female Board members leaving in 2016, we have a Board vacancy and as at 30 June 2017, 33 per cent of Bridge Housing Board

positions are held by women. However, as we recruit for this vacant position in 2017-18, we will aim to restore the gender diversity in line with policy.

We embrace a culturally diverse workforce, which reflects the breadth of the community of our applicants and tenants. Our employees variously speak Arabic, Cantonese, French, Greek, Vietnamese, Mandarin, Portuguese, Spanish, Swedish, Danish, Serbian, Croatian, Hindi, Italian and Hungarian.

As part of the Reconciliation Action Plan, launched in February 2017, we developed a number of actions to engage our employees in cultural learning opportunities and increase our Aboriginal and Torres Strait Islander recruitment and retention. We are especially pleased to note that our first Aboriginal housing manager joined the team in 2016 in an identified housing manager position and we aim to increase our Aboriginal and Torres Strait Islander employment to two employees by June 2018.

White Ribbon Accreditation

In 2016-17 Bridge Housing began working towards becoming an accredited White Ribbon Workplace. This program is being sponsored by our CEO John Nicolades and was embedded in our people and culture strategy. Key elements include:

- ▶ training and education for all employees in preventing, identifying and responding to victims of violence
- ▶ the formation of a Violence Against Women Working Group to support activities and programs
- ▶ creating relationships and formal partnerships with support providers
- ▶ tenant education and participation in events and community programs

- ▶ ensuring our policies and programs promote gender equality
- ▶ encouraging discussion and pathways for raising identified barriers to equality both in the workplace and in the communities in which we operate
- ▶ developing a Domestic Violence in the Workplace Policy
- ▶ developing a Domestic Violence Leave Policy.

We hope to join the growing list of White Ribbon accredited organisations in September 2017.

Our people strategy - Stay, Say and Strive

The following are the key strategic objectives for 2017-2018:

Stay

- ▶ align the structure of the business and enhance the capability of our employees to deliver current and future business goals
- ▶ attract and retain the best people who are engaged and deliver high-performance outcomes for the organization
- ▶ drive employee engagement, retention and performance through fair, leading edge, reward and recognition programs.

Say

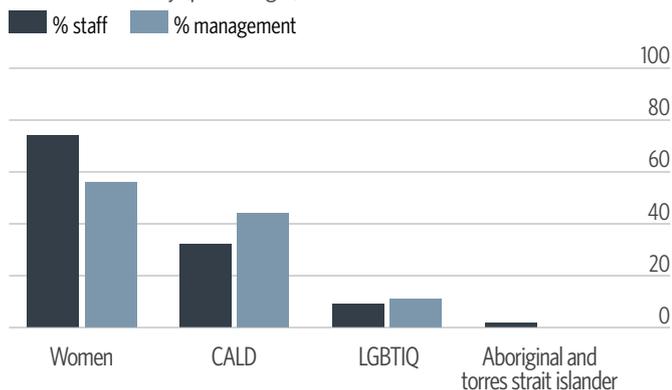
- ▶ ensure human resources strategies and programs are delivering the desired results and outcomes.

Strive

- ▶ drive performance by aligning the business goals to individuals and reducing misalignment
- ▶ develop the skills and capability of employees to enhance outcomes for the organisation, its people and its stakeholders.

Diversity

Workforce diversity (percentage), 2016-17



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

Our 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.

How we do this

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 monitor performance
- review and approve annual budgets, monitor management and financial performance, and ensure that the organisation has the necessary skills, resources and support



Chair Mark Turner hands out prizes to tenants at the 2016 AGM

- 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.

The Board meets every second month and has established three standing committees to help it consider and make decisions about operational matters.

- Finance, Risk and Audit Committee
- Asset and Procurement Committee
- Human Resources, Nominations and Marketing Committee.

From time to time, it may establish time-limited committees to deal with special issues.

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.



Bridge Housing directors (left to right): Gary Milligan, Carolyn Scobie, Mark Turner (Chair), Shirley Liew, Dick Persson and Graham Monk.

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 and on page 40 of this Annual Report

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 amended its Corporate Governance Principles and Recommendations to enhance diversity. The changes 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 because 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 2017, we had not reached this target and only 33 per cent of directors were female. The resignation of Helen Wood as a non-executive director in October 2016 reduced the number of women on the Board to two of the six directors. A new director will be appointed shortly but 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.

Our Governance (continued)

What we did in 2016-17

The Board commissioned an independent review by Dr Ann-Marie Moodie, principal of The Boardroom Consulting Group. The objectives of the review were to:

- ▶ understand the culture of the Board and obtain views about its effectiveness from individual members
- ▶ conduct a skills audit, both in relation to business as usual and the potential for rapid growth, and advise the Board on the skills mix required to ensure good governance into the future
- ▶ form a position on whether the role of Company Secretary should continue to sit with the Chief Executive Officer and, if not, where that role would fit best
- ▶ determine if there should be a tenant representative on the Board
- ▶ understand whether there are any issues within the Board, or within the Board's relationship with the senior management team, which need to be addressed.

The review found:

- ▶ the Board was a high functioning Board with positive relationships between directors and that non-executive directors were able to debate and speak their minds.
- ▶ a positive relationship between the Board and Management
- ▶ continuous improvement in the quality of board papers and information provided to the Board.

The review made a number of recommendations:

- ▶ a separate tenant representative on the board was not necessary but the board should increase its profile with Bridge Housing Tenants
- ▶ the CEO and Company Secretary role should be separated
- ▶ the Board should appoint Directors with skills and expertise in social and community housing management, social policy development and community welfare to meet strategic objectives over the next five years.

These recommendations are discussed in full in this section.

Tenant representation

The review found the Board, under Its Corporate Governance Principles and through its Constitution, is not a representative Board. Non-executive directors are bound to work for the interests of the company as a whole, rather than representing separate stakeholder interests, so appointing a separate tenant representative would be counter to Bridge Housing's governance principles. This does not preclude Bridge Housing tenants standing for the Board, so long as candidates meet the required skills criteria.

Bridge Housing is committed to hearing and incorporating tenant views into our service delivery. The principles are encapsulated in our Charter of Tenant Rights and implemented through Building Bridges, our Community Building and Engagement Strategy, in which Bridge Housing has heavily invested. In particular, our Community Action Plan holds Bridge Housing accountable to working with tenants.

Bridge Housing has broadened our engagement with the [Tenant Advisory Group](#) structures through the East, West, Rozelle and Central TAG meetings and extended the range of ways we listen to and work with the diversity of our tenants through our

support of the [Aboriginal and Torres Strait Islander Tenant Advisory Group \(ATTAG\)](#) and more recently the Vietnamese Tenants Group. These groups come together through the Tenant Liaison Group to provide a broad range of tenant perspectives on our service delivery. The Board will seek to increase its profile with Chairman and Directors attending the Tenant liaison Meeting in addition to the six monthly reports the Board receives from the Chairperson of the [Tenant Advisory Group](#).

Our Tenant Surveys since 2006 have had a direct impact on enhancing our services delivery. The Your Views E-panel also provides direct responses and input into our policies that have a tenant impact. The efficiency and quality of maintenance services are of major concern to tenants. We established a Maintenance Management Committee to review the performance of our new maintenance contracts and it includes a tenant representative to guide our contract management approach.

We believe that these sector-leading initiatives provide a more effective way for Bridge Housing to hear the diversity of tenant views and have a positive impact on our service delivery to tenants.



Bridge Housing residents attending the 2016 AGM

Separation of the Company Secretary role

The Board accepted the recommendation to separate the role of Company Secretary from the CEO. This will reduce a potential conflict of interest, and reduce the workload for the CEO. It was felt that simply devolving the role to the General Manager Finance and Corporate Services would increase conflict of interest issues because that position reports to the CEO. The Board resolved that the role be contracted out, with the Company Secretary responsible to the Board.

Skills required by the Board.

The Board has considerable skills and expertise in financing, accounting, human resources, risk management, development and asset management. The report recommended the appointment of non-executive directors with skills and expertise in social and community housing management, social policy development and community welfare. This would augment Bridge Housing's existing community building and engagement strategy Building Bridges and its measurement tool The Difference We Make. Directors with these skills could also give strategic advice on Bridge Housing's response to Future Directions, the NSW Government's 10-year plan for social housing, as the plan focuses on linking housing with positive social outcomes for tenants through the provision of support services and access to education and training and measuring outcomes through the Human Services Outcomes Framework.

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.

How we do this

Bridge Housing 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.

In 2011-12 Bridge Housing adopted a set of values 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.

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 90, 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 indicators to our stakeholders. We protect the independence of our internal audit process by creating a direct reporting line to the chair of the Finance, Risk and Audit Committee, and to the Board.

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 2016-17 financial year.

What we did in 2016-17

The internal audits in 2016-17 focused on property development, project management, maintenance expenditure, and contract management. The outcomes of the internal audit are detailed in the Finance and Corporate Services Report on page 78.

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.

How we do this

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

Our transparency and governance has been externally reviewed and validated through the PwC Transparency Awards, Australasian Reporting Awards and NSW Awards

Our Governance (continued)

for Excellence in Community Housing. 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 2016-17. Our Media Policy delegates media comments to the CEO or Chairperson.

What we did in 2016-17

Bridge Housing received our fifth consecutive Gold Award for our Annual Report 2016 in the 2017 Australasian Reporting Awards and was shortlisted for Annual Report of the Year in the same awards alongside Woodside Petroleum, Sanford Limited, Eastern Health and the winner, The Audit Office of NSW.

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 no shareholders. We hold our annual general meeting in November and make our Annual Report available to our members and other stakeholders through our website or office. The Chairman and the CEO report to members at the AGM, and directors are available to answer any questions. The rewards we have received for our transparency and reporting demonstrate not only that we are

willing to be held to account, but that we provide this information.

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

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 that might hinder us in 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. As an example, this policy helps us to determine the appropriate cash reserve to balance against the borrowings required to deliver our property development program.

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

What we did in 2016-17

To complement our overall Risk Management Framework, the Board adopted a Risk Appetite Statement (RAS) The Risk Appetite Statement sets out our willingness to take on or retain risk. Details of the RAS is found in Finance and Corporate Services Report on page 78.

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 which is 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, which pays above the Social, Community, Home Care and Disability Services Industry Award.

During the financial year, six board meetings were held in addition to committee meetings. In October 2016 Helen Wood resigned from the Board.

Board attendance

During the financial year, eight Board meetings of directors were held in addition to subcommittee meetings. Attendance by each director during the year was as follows:

	Board meetings		Human Resources and Nominations Committee		Assets and Procurement Committee		Finance, Risk and Audit	
	A	B	A	B	A	B	A	B
Mark Turner	8	8	X	X	6	6	X	X
Shirley Liew	8	4	X	X	X	X	6	5
Gary Milligan	8	8	X	X	6	6	X	X
Dick Persson	8	5	6	6	X	X	X	X
Carolyn Scobie	8	6	6	6	X	X	X	X
Helen Wood	1	1	X	X	1	1	X	X
Graham Monk	8	8	X	X	X	X	6	4

A: Number of Meetings Eligible to Attend

B: Number of Meetings Attended

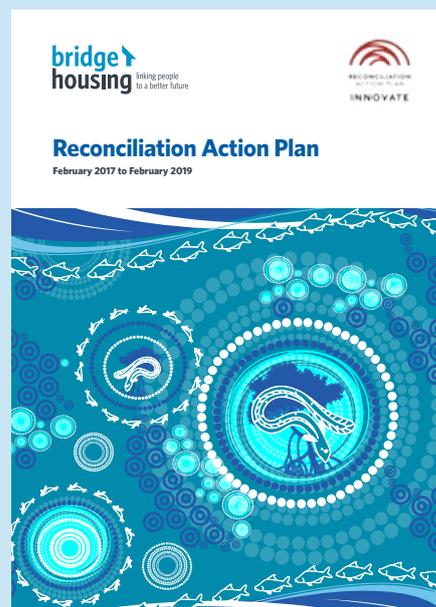
X: Not a Member of the Committee

Chair of meeting Eligible to attend



NSW Opposition spokesperson on social housing Tania Mihailuk, CEO John Nicolades, Greater Sydney Commissioner Heather Nesbitt, and Chair Mark Turner at the 2016 AGM.

Spotlight 4: Reconciliation Action Plan



Bridge Housing is working with residents, service partners and staff to ensure our service delivery is culturally appropriate.

Eight per cent of our residents identify as Aboriginal or Torres Strait Islander. It is essential that we form strong relationships with Aboriginal and Torres Strait Islander tenants, and ensure our staff members have a strong understanding of Aboriginal and Torres Strait Islander cultures and history.

In 2013, we developed a Community Housing for Aboriginal People Service Delivery Action Plan to drive improvements in service delivery. It focused on housing allocations to Aboriginal tenants, partnerships with support services to sustain their tenancies, and changes to our office to make it more accessible to Aboriginal and Torres Strait Islander residents.

In 2014, Aboriginal and Torres Strait Islander tenants who participated in the workshops we conducted to develop our Building Bridges tenant participation and community engagement strategy suggested we establish an Aboriginal and Torres Strait Islander tenant group to oversee delivery of Building Bridges. This included the development of a formal [Reconciliation Action Plan](#).

Bridge Housing formed the [Aboriginal and Torres Strait Islander Tenant Advisory Group \(ATTAG\)](#) as a formal structure to involve tenants in improving our service delivery and raise the profile of Aboriginal and Torres Strait Islander peoples and communities within the organisation. The ATTAG has advised on service delivery training for staff and reviewed the job description and employment strategies for Bridge Housing's first

Our vision for reconciliation is to work together with Aboriginal and Torres Strait Islander communities to create homes, places and spaces that are welcoming, safe and appropriate for Aboriginal and Torres Strait Islander people and their families. We celebrate and promote the strengths and resilience of Aboriginal and Torres Strait Islander peoples and acknowledge the history of dispossession and the impact this has today.

designated Aboriginal role. ATTAG members also worked with staff to organise Songlines – Real People, Real Stories – a visual arts exhibition to celebrate NAIDOC Week 2016.

Throughout 2016, Bridge Housing and the ATTAG worked together to develop the [Innovate Reconciliation Action Plan 2017 to 2019 \(RAP\)](#), with support from Reconciliation Australia. The RAP was developed through workshops with ATTAG members, Bridge Housing staff, the broader tenant body, community partners and local Elders. It was officially endorsed by Reconciliation Australia and launched in March 2017.

A working group comprising Bridge Housing's Senior Management Team, ATTAG members and a community member, and chaired by the CEO John Nicolades, monitors the implementation of the RAP. New strategies include mandatory cultural awareness training for all staff, developing protocols for the acknowledgement of Aboriginal communities, creating

new employment and volunteering opportunities, holding community events and working to support Reconciliation Week, as well as involving Aboriginal tenants in service improvements and initiatives.

As part of the RAP, we developed Aboriginal branding, specifically designed for Bridge Housing by Jordan Ardler, a Bidjigal woman from La Perouse. The themes of the branding were identified by ATTAG members. They describe the environments in which Bridge Housing tenants live, such as where freshwater and seawater meet, and incorporate whales, fish, eels, mangroves and ripples in the water.

“Excellent that senior management is involved and taking it seriously. It was especially refreshing that we were allowed the time and space to voice all our concerns.”

Member of ATTAG during the RAP process



Aboriginal musician and performer Gumaroy Newman



Christine Blakely from the Aboriginal & Torres Strait Islander Reference Group speaking at the RAP Launch



Fiona Hardy, Kim Ryan, John Nicolades, Christine Blakely, and Auntie Millie Ingram at the RAP Launch in March 2017

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.



Housing Pathways Manager Megan Caldwell

This section of the Annual Report:

- ▶ presents the Operations team highlights for 2016-17
- ▶ 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 2017-18.

Highlights of 2016-17

In 2016-17, the Operations team:

- ▶ won the tender to manage Canada Bay Council's affordable housing program of 27 dwellings
- ▶ implemented a new head contractor model for lawns, grounds and cleaning services

- ▶ implemented Year 3 of our Building Bridges community building and engagement strategy
- ▶ evaluated Hand Up, a new innovative arrears management program which won the 2017 Australasian Housing Institute's Professional Excellence in Housing NSW Innovation Award
- ▶ achieved an overall satisfaction rate of 84 per cent for our housing services
- ▶ 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 2016-17 goals.

Enable strategic portfolio growth

The Operations team's job is to support strategic portfolio growth that delivers quality homes and services. It contributes to this by 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 wider community.

Ensure business sustainability

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

It 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.

Business Plan 2016-17

The Operations team played a key role in helping us meet the critical success factors laid out in our [Business Plan 2016-17](#), as shown below.

Key:  completed  in progress  not completed

Measure		How did we do?
Strategically grow the portfolio to meet affordable housing needs in the community		
Tenant 38 new social and affordable housing dwellings at Parramatta and 9 new social housing properties for older women in Ashfield		Completed
Continue to work with partners on Communities Plus opportunities		Tender lodged for Ivanhoe Estate (unsuccessful) and Seven Hills and Parramatta North (successful)
Pursue opportunities from the Social and Affordable Housing Fund		Plenary Tender was unsuccessful
Develop a proposal to establish a not-for-profit real estate company		Proposal approved by Board and \$200,000 in grant and philanthropic funding received
Develop tender for Social Housing Management Transfer Program		Tender submitted
Deliver quality homes and services to our residents		
Implement Year 3 of the Building Bridges strategy		84 per cent of projects completed, 8 per cent in progress, 8 per cent not completed
Implement the Good Neighbours Project to encourage positive neighbourhood relations		One workshop delivered in the Eastern Suburbs with 24 tenants attending and 100 per cent satisfaction rate
Implement the Our Place Green Space initiative to give tenants a say in their built environment		Completed streetscape upgrading, in consultation with the tenant community, at Wauchope Crescent, South Coogee, which included new bin bays and fencing Three community garden workshops were held with tenants and one new garden has been established in Surry Hills
Implement the Bridge Housing in Communities initiative to celebrate and strengthen our connections with residents and communities		Bridge Housing is a regular participant in community events held for NAIDOC Week, Sydney Homelessness Connect, Mental Health Week and the Yabun Festival Songlines Exhibition, involving 14 tenant artists, mounted at 107 Projects, Redfern, during Reconciliation Week 2016 Bridge Housing launched bi-lingual tenant workshop series, Time to Talk, for Harmony Day 2017
Implement the Big Ideas Grants program to provide resourcing for tenants that want to work to improve outcomes for the tenant community		Four projects funded in 2016-2017: Block beautification project in Camperdown, Block BBQ in Merrylands, Lunar New Year Party in Eveleigh, and the establishment of a tenant BBQ area at South Coogee
Develop a community regeneration approach for estate communities		Places People Want to Live: Bridge Housing's Place Making Strategy developed and launched in April 2017
Undertake CSBA benchmarking to externally evaluate our service delivery and ensure 100 per cent of staff have undertaken customer service online training		CSBA report completed in March 2017

Operations Report (continued)

Key:  completed  in progress  not completed

Measure	How did we do?	
Develop a range of new housing policies and procedures to support clear, transparent decision-making and quality service delivery		Developed and/or reviewed a number of new policies including Affordable Housing, Child Protection and Mandatory Reporting, Tenant Recharge Policy and Domestic and Family Violence Policy
Conduct annual review of Support Partners Strategy to ensure we support sustainable tenancies for clients with complex needs		Review of strategy completed and updated version published on website.
Implement the Streets Ahead initiative to support tenants to improve their access to education, work experience and employment opportunities		Orbit Launch Pad held in partnership with Weave in April 2017. Advance Scholarships for Residents and Children developed with input from tenants and staff and will be launched in October 2017 Tenant volunteer policy launched in November 2016. Four tenants interviewed for intake and one tenant has volunteered at Bridge Housing on a regular basis since February 2017
Implement the Local Links initiative to reduce social isolation of tenants and improved connections with community services		Staff members regularly attend housing and homelessness interagencies across our operating area Tenant mentoring program has been deferred to 2017-2018 to align with the SHMTP if bid is successful
Conduct evaluation of Hand Up Tenant Arrears Program		External evaluation completed in May 2017 and published on website
Implement new head contractor model for lawns, grounds and cleaning services		New lawns, grounds and cleaning contractor started in October 2016
Develop Bridge Housing's outcomes framework and implementation plan		Throughout 2016-2017, Bridge Housing developed the outcomes framework The Difference We Make launched in July 2017
Review auditing regime with maintenance providers to drive quality service delivery		Review completed and new audit approach adopted
Effective governance		
Work closely with tenants to ensure they have a real say in our operations and planning		Tenant Code of Conduct developed and launched in December 2016 Reconciliation Action Plan developed and launched in March 2017
Ensure business sustainability		
Keep arrears at or below the regulator benchmark of under 2.5%		Arrears at 1.54 per cent in June 2017
Keep voids and vacancies at or below the regulator benchmark		Voids were an average of 18 days during 2016-2017 Vacants were an average of 10.2 days during 2016-2017
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		Strategic Asset Management Review completed.

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, which embedded the Support Partner Strategy, implemented [Hand Up](#), and tenanted new social and affordable housing properties in our new mixed tenure development at Parramatta and social housing development for older women in Ashfield.

Applying for housing

Demand for affordable housing, including social housing, far exceeds supply in NSW (see [Housing Affordability](#) on page 28). 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 2016-17, the Pathways team assessed 352 applications for social housing assistance – an average of 29 applications per month. This represents a decrease of 173 from the previous year and may be a result of the Department of Family & Community Services (FACS) implementing new telephone and online application processes.

The Pathways team completed 340 allocations, including transfers, into Bridge Housing's property portfolio during 2016-17, an average of 28 allocations per month. This represents a substantial increase of over 20 per cent on the previous year's 282 allocations. We attribute this to an increase in the number of properties under management, specifically a much higher number of affordable housing properties and some new social housing properties. We prioritise allocations to our properties using the Bridge Housing's Allocations Policy to ensure current tenants of Bridge Housing and applicants from the NSW Housing Register are provided with suitable housing based on their household needs.



Director Housing Helen Tigh and Technical Officer Andrew Stone at the bin bay launch at South Coogee

In 2016-2017 we completed fee-for-service allocations work for Uniting Care to support their allocations to social housing properties. We also received a grant from FACS to provide specialist training and induction materials and support for further new entrants working under Housing Pathways.

Bridge Housing manages a growing portfolio of affordable housing properties within Sydney. This includes the affordable housing program in the Canada Bay Council secured in 2016-2017, Sydney Olympic Park Authority and Waverley Council. In addition, we manage privately owned affordable housing, secured through the Affordable Housing SEPP, at Bondi Junction, Strathfield and Canterbury. These fee-for-service arrangements with private developers provide alternative affordable housing options for very low, low and moderate-income earners.

Managing tenancies

Bridge Housing has two tenancy teams, focusing on the East and Western Sydney areas of our portfolio. Together our team manages 1,915 tenancies and provides housing for 3,422 people.

Both the east and west operating regions have a team leader and four housing managers. Each housing manager is responsible for a defined geographic area.

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. Housing managers work individually and at a neighbourhood level to address nuisance and annoyance issues, conduct property inspections and tenant welfare checks, and build connections between neighbours through our annual program of block meetings.

In 2016-17, Bridge Housing conducted a review of the new Housing and Support Specialist role we trialled in 2015-16 and made it a permanent staffing position. The role implements our support partner strategy, establishing new support arrangements and providing specialist advice to housing managers working with clients with complex needs.

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 1,787 tenancies (excluding capital and fee-for-service affordable properties). This financial year we have focused on streamlining our business processes. We have improved the automation of this process by integrating the Community Housing Rent calculator with our own housing management system. This has reduced errors and driven efficiencies by reducing the time taken to process the rent review. We further streamlined our approach by reducing repeat requests for

documents from households whose circumstances do not change and who share income details with Bridge Housing via Centrelink, lightening the administrative load for our tenants.

These changes have reduced the number of appeals, queries and complaints we receive throughout the rent review period, and resulted in an overall improvement in tenant satisfaction. 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.

In 2016–2017, we increased our gross rent by approximately \$676,452 per annum, recording a net increase of approximately \$257,411.

Housing the homeless

Bridge Housing is committed to assisting the most vulnerable people to access and sustain social housing. In 2016–17 we provided a housing first approach to rough sleepers through Connect 100 and by supporting FACS to manage a local response to homelessness through our participation in the Weekly Housing Allocation Meeting (WHAM) facilitated by the Sydney South East District. We also regularly meet with and review our support partnerships through the implementation of our Support Partner Strategy.

In 2016–17 Bridge Housing received funding from FACS to provide eight additional transitional housing properties in the private rental market for women and children experiencing domestic and family violence. These properties were secured for the Aboriginal Women and Children's Crisis Service and St Vincent De Paul. The funding was initially allocated for two years and has been extended for a further year.

To better serve the needs of women and children impacted by family violence, Bridge Housing piloted new tools and resources developed by the NSW Federation of Housing Associations for community housing providers. These will be embedded in 2017–18.

Community building and engagement: Building Bridges

Bridge Housing recognises the importance of involving our tenants, residents and wider communities in the way we deliver our services as this is the key to service improvement. We are committed to community development and to creating and supporting sustainable communities and neighbourhoods in which people want to live.

Our three-year Building Bridges strategy provides a clear direction for our community building and engagement activities.

In 2016–17, Year 3 of Building Bridges, we:

- ▶ evaluated [Hand Up](#), our tenant arrears program. This provides an alternative debt reduction pathway for tenants with significant arrears and risk of eviction. See our [Hand Up Spotlight](#) on page 44 for program and evaluation details
- ▶ held 11 block meetings across the portfolio so tenants could meet with staff and their neighbours to discuss issues and identify opportunities to improve their neighbourhood
- ▶ conducted one Good Neighbours Workshop in Bondi Junction for eastern Sydney residents, explaining our policy and offering tenants tips on dealing with difficult neighbours or situations
- ▶ worked with the [Aboriginal and Torres Strait Islander Tenant Advisory Group \(ATTAG\)](#) to deliver Songlines, a tenant art exhibition for NAIDOC Week 2016 and developed our Reconciliation Action Plan launched in March 2017
- ▶ produced Our Place, a tenant-friendly newsletter. Continued Your Views E-Panel and tenant workshops to enable tenants to contribute and have a say in our service delivery by reviewing policy and procedures
- ▶ launched quarterly bi-lingual Time to Talk workshops at an event for Harmony Day, to improve our engagement with tenants from culturally and linguistically diverse backgrounds
- ▶ engaged four tenants in telling their stories about the impact of a Bridge Housing home through a tenant video project
- ▶ reviewed our tenant survey to align with our outcomes framework, with a 45 per cent response rate
- ▶ provided opportunities for engagement with children and young people through Orbit Launch Pad in partnership with Weave. Twenty children and 14 parents attended
- ▶ connected 19 tenants to short term work opportunities through various initiatives
- ▶ launched our Tenant Volunteer Policy and Procedures with an initial intake of four tenants in February 2017. One tenant has continued to volunteer on a regular basis since then
- ▶ developed and launched [Places People Want to Live](#) – the Bridge Housing approach to place making through workshops with tenants and staff
- ▶ assisted tenants in three blocks to improve their gardening skills through Community Greening workshops in Randwick, Bondi, and Surry Hills and tenants established a new community garden in Surry Hills
- ▶ completed new bin bays and fencing (designed in collaboration with tenants) at South Coogee with a celebratory BBQ in April 2017.

Maintaining homes

The Assets team is responsible for delivering Bridge Housing's planned, responsive, and cyclical maintenance to our 1,915 properties. This ensures that our properties are safe, clean, habitable and meet tenant needs.

The NSW Land and Housing Corporation audits Bridge Housing properties through its Property Assessment Survey (PAS) program to ensure compliance with maintenance standards. The 2015–16 audit shows that 96 per cent of our properties are well maintained or maintained, providing strong evidence of our proactive asset management approach. This year we spent \$3.9 million on planned, responsive, cyclical and leasehold maintenance.



Front to back, left to right: Manager Service Innovation Reece Plunkett; Team Leader Assets Lana Pitwell; Business Systems Manager Sarah Barclay; East Housing Team Leader Michele Dobson; Manager Housing Pathways Krystal Moores; GM Operations Rebecca Pinkstone; West Housing Team Leader Sharon Collinge; Director Housing Helen Tighe; Manager Sustainable Communities Francesca Cathie.

Maintenance contracts

Following the successful implementation of a head contractor model for our Planned, Vacant and Responsive Maintenance in early 2016, we continued to prepare for future growth by implementing a head contract model, commencing in October 2016, for our grounds and cleaning maintenance services. Procurement for our Fire Safety Maintenance service was also completed and will commence in early 2018.

Our internal audit in the second half of 2016-17 focused on our head contractor model for our Planned, Vacant and Responsive Maintenance, which found that our systems and framework were comprehensive.

Planned maintenance

Bridge Housing has a diverse portfolio of 1,915 properties and 30 per cent of our capital properties were built 50 or more years ago. This represents a significant risk. Our planned maintenance program is critical to managing that risk, 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 years. This year we completed more than 360 technical scopes.

During 2016-17, we completed planned maintenance to the value of \$1,563,529 on 99 properties, including common areas. Most of the expenditure was spent on two large projects and life cycle upgrades. The two large projects involved streetscape upgrades through new fencing, letterboxes and bin bays at Wauchope Crescent, South Coogee and replacement of 48 windows across blocks in Laggan Avenue, Balmain.

In addition we undertook \$309,490 of vacant maintenance work on 174 properties.

Responsive maintenance and cyclical maintenance

In 2016-17 we completed 3,741 responsive maintenance work orders to the value of \$907,425. Responsive maintenance works resolve immediate issues or address failures of items such as toilets and hot water systems.

In 2016-17, the majority of this work comprised plumbing works (24 per cent), handyman/builder works (25 per cent) and electrical works (16 per cent), with smaller expenditure on items such as cleaning (2 per cent), repairing appliances (11 per cent) and locksmiths (4 per cent).

In 2016-17, we completed cyclical maintenance services to the value of \$896,570. 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.

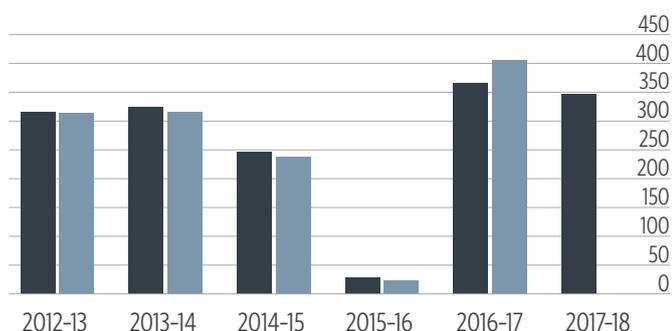
Leasehold maintenance

In 2016-17 we managed 900 responsive maintenance requests to the value of \$244,282 to 612 properties we lease from the private rental market. The expenditure is lower than previous years as we continue to improve our practices and processes around managing leasehold properties. This

Technical scopes

Properties scoped, No 2014-18

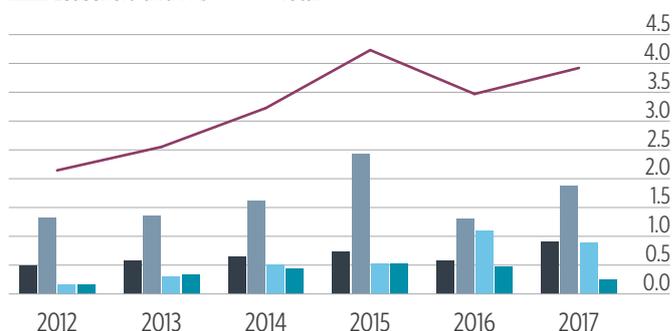
■ Target ■ Scoped



Maintenance

Maintenance by category (\$millions), 2012-17

■ Responsive ■ Planned ■ Cyclical
■ Leasehold and FFS — Total



included appointing a dedicated manager to manage the portfolio and work with real estate agents to select better properties. We also ensure that required works are undertaken by contractors of the private landlords.

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.

Assessing our service delivery

Bridge Housing strives to continually improve our performance by seeking tenant feedback on our service delivery. Our principal tools are:

- Tenant satisfaction survey conducted by the NSW Federation of Housing Associations
- Repairs and Maintenance Survey
- Mystery shopping undertaken by Customer Service Benchmarking Australia.

Our Tenant Survey

We have undertaken an annual Tenant Survey since 2006 to measure satisfaction and identify areas for service improvement across all areas of the business. Since moving to a biennial survey in 2015, we have revised the Tenant Satisfaction Survey to align with our outcomes framework The Difference We Make. With input and testing from tenants, the new survey has fewer questions and a greater focus on tenant wellbeing.

We now ask questions about house and home; health and safety; work, learning and financial wellbeing; and social and community connections.

Results from the first run of this new survey in 2017 paint a compelling picture of a satisfied tenant community.

Specific highlights from the survey include:

- 82% of tenants are satisfied with their lives overall
- 83 per cent of tenants feel their lives have improved since living in a Bridge Housing home
- 88 per cent of tenants agree that their Bridge Housing home provides security and stability in their life
- 84 per cent of tenants are satisfied overall with our services.

Key service strengths include satisfaction with:

■ Property condition	86%
■ Location of home	92%
■ Suitability of home	87%
■ Helpful staff	83%
■ The way we provide information	87%

Following on from the survey we have held workshops with staff and tenants to develop an action plan to address areas where measures have trended downwards:

■ Overall communication (still strong but trending downwards)	82%
■ Perception that tenant views influence our decision making	60%
■ Complaints handling	47%

These areas will be the focus of our efforts, in partnership with tenants.

Repairs and maintenance survey

In addition to our annual tenant survey, for every responsive maintenance work, Bridge Housing provides the tenant with a repairs and maintenance satisfaction survey, in order to track our performance. Our return rate is 16 per cent.

In 2016-17, 87 per cent of tenants stated they were 'satisfied with the service' provided by Bridge Housing, slightly down from 90 percent in 2015-16.

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

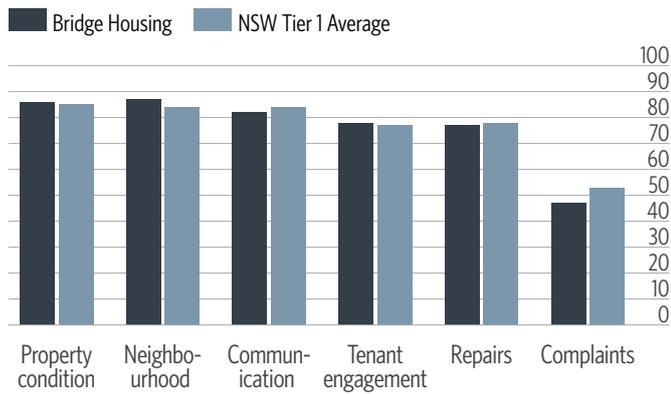
Tenant mystery shopping

In the second Customer Service Survey that Customer Service Benchmarking Australia undertook for Bridge Housing we implemented an innovative approach. Fourteen Bridge Housing tenants were recruited and trained as mystery shoppers, testing Bridge Housing's performance in telephone, face-to-face and email based customer service. The approach provided robust data collection through authentic customer inquiries, as well employment opportunities for tenants.

Assessment results showed a continued improvement in the standard of Bridge Housing's service, scoring in the 'satisfied customer' range across all three delivery channels.

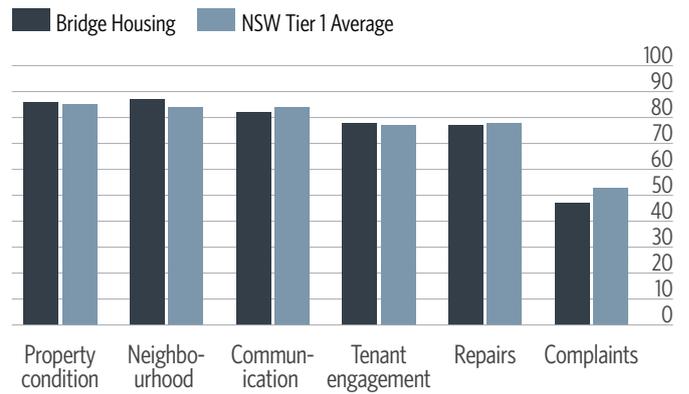
Tenant satisfaction

Overall satisfaction as a percentage, 2013-17



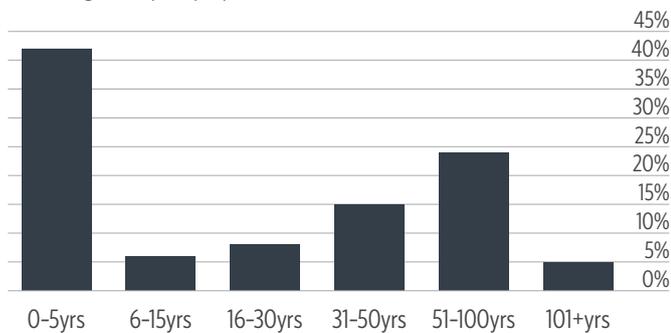
Tenant satisfaction

Overall satisfaction as a percentage, 2013-17



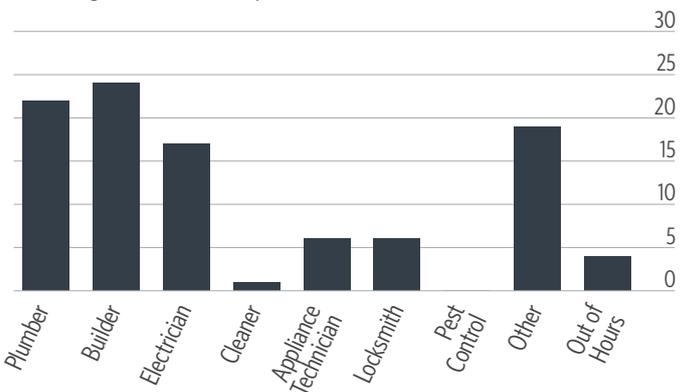
Property age

Percentage of capital properties, 2016-17



Responsive maintenance

Percentage of work orders by trade, 2017



2017-18 Operations Objectives

Aside from maintaining high quality applicant, tenancy and asset management functions and finalising 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
- transition 54 tenancies from FACS to Bridge Housing management under Stage One of the [social housing management transfer program](#)
- implement an action plan to respond to the findings of our Tenant Survey
- launch HomeGround Real Estate, a new social enterprise of Bridge Housing
- develop our new Building Bridges Community Building and Engagement Strategy
- implement an action plan to support quality customer service in partnership with tenants
- continue to review and update a range of housing and assets policies and procedures to support clear, transparent decision making and quality service delivery
- develop a framework to induct new social housing providers into Housing Pathways with grant funding from FACS
- implement Bridge Housing's new Advance Scholarship program
- allocate 158 new social housing dwellings at Elger Street, Glebe
- embed the Hand Up arrears management program with changes as a result of the evaluation
- develop the indicators to support Bridge Housing's outcomes framework, The Difference We Make, in consultation with tenants and FACS policy directions.

Spotlight 5: The Difference We Make

Bridge Housing recognises that safe, secure housing is the bedrock of people's lives. The right home provides not just shelter, but a base for living and a foundation for wellbeing. With housing, people can more easily access meaningful work, education and training, contribute more fully to their local community, and more easily manage family, financial or health issues.

Making a safe and secure home does not end with providing a house. As a social landlord our role is to support people to stay housed, especially when tenants are vulnerable and may need assistance to sustain their tenancies and have a better life. We work with the whole of our resident base to enhance community connection and cohesion and improve employment, education and training outcomes and other key aspects of wellbeing.

To ensure we continue to do our best for our residents, in 2016-17 we completed development of our outcomes framework so that we can systematically evaluate and track the effects of our service delivery. The framework, The Difference We Make, will be used to drive service improvement and guide resource allocation and investment decisions.

The Difference We Make aligns with Future Directions for Social Housing in NSW, the Government's 10-year vision for social housing and its social housing outcomes framework. It is also informed by the Department of Family and Community Services, ACS Human Services Outcomes Framework, reflecting our shared aspirations for improved resident wellbeing and opportunities. Development of our framework positions Bridge Housing as one of the sector leaders in this emerging area.

The next phase of developing The Difference We Make is to select key outcome indicators. In this phase, we will actively engage tenants and service partners to ensure that The Difference We Make captures and reflects the very important voices and perspectives of our stakeholders. We know, through our many housing, support and community engagement activities, that we make a significant difference to the lives of our residents. Listening to our tenants and sharing their stories, like Manal's, helps us understand and communicate our impact.

Manal's story

Manal was born and raised in Khartoum, Sudan, but was forced to flee when the government shut down the newspaper she was working for because she was writing about women's health and education. Manal met her husband in a refugee camp in Egypt, before the couple migrated to Australia. They have found a home and a place to raise their young son in a Bridge Housing property in southwest Sydney.



Manager, Service Innovation, Reece Plunkett, at the launch

To hear Manal and other tenants speak about the impact Bridge Housing has had on their lives visit: www.bridgehousing.org.au/aboutus/communications/tenantvideos

"Being a Bridge Housing tenant I really love it because they connect to us, they help us and they try to provide a service and jobs. When I wake up and I'm coming to my door I feel like this is my home. It reminds me of my village where I was born and grew up because it is quiet, it is secure and I feel like I really belong to this area.

I'm one of the Sudanese women leaders in Sydney. I feel like when I am socialising with my community I am paying back to my community and to Australia because I am helping the Sudanese community to move inside Australian society which we need as a community."

Bridge Housing tenant Manal



Riverwood resident Manal Arbab

[Visit Bridge Housing Limited to watch The Difference We Make videos](#)



South Coogee resident Jennifer Newton



Summer Hill resident Salwa El-Shaik

Development Report

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

This section of the Annual Report:

- ▶ presents highlights for 2016-17
- ▶ reports on how the team delivered on its critical success factors
- ▶ provides an overview of activities undertaken during the year
- ▶ outlines our objectives for 2017-18.

Highlights of 2016-17

Completed development of and tenanted 112 properties. Projects included:

- ▶ Construction of 38 social, affordable and accessible residential units at Collett Parade, Parramatta. Completed in March 2017
- ▶ Leasing all 65 affordable rental houses at our Bunya Estate, Bungarribee, which house 250 people, 150 of them children
- ▶ Leasing all nine studios at our Ashfield New Generation Boarding Houses, housing nine single women.

The completion of these projects surpassed our Nation Building leveraging target of 75 properties and were delivered four years ahead of contracted schedule.

We also worked on the following ongoing projects;

- ▶ signed a Deed of Agreement for Elger Street, Glebe with Land and Housing Corporation, confirming that 158 one- and two-bedroom units, valued at \$70 million, will be vested to Bridge Housing upon completion by June 2018

- ▶ commenced the refurbishment of the Randwick affordable housing building we purchased in joint venture with Waverley Council in 2015-16
- ▶ secured Communities Plus Neighbourhood Sites and project management opportunities to deliver 50 seniors dwelling across four sites in Western Sydney:
 - ▶ Round One: awarded the tender in August 2016 and currently negotiating the terms of the contract with LAHC to deliver social, affordable and market housing valued at over \$60 million.
 - ▶ Round Two: Mirvac/Bridge Housing partnership selected as preferred tender for North Parramatta site to deliver 60 social housing unit dwellings
 - ▶ Round Three: submitted an expression of interest in a joint venture with a private developer to deliver 59 social and 218 private dwellings.
- ▶ in partnership with Achieve Australia, a disability services provider, secured a tender to undertake tenancy and property maintenance on 28 new group homes, accommodating 140 people, that will commence in February 2018
- ▶ completed negotiations with LAHC to settle our interest in the Social Housing Subsidy program, worth \$1.515 million. This will be applied to develop more social and affordable housing within the inner west of Sydney
- ▶ lodged award submissions for our three recently-completed development projects. All three projects were shortlisted and our Ashfield housing for older single women was highly commended in the Leading Housing Development category at the NSW AHI awards
- ▶ Design Guidelines finalised and to be published in early 2017-18.

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 2016-17](#) by:

- ▶ meeting affordable housing need by increasing our property portfolio
- ▶ delivering quality homes
- ▶ business sustainability.

During the 2016-17 financial year, Bridge Housing grew its portfolio by 38 dwellings with the completion of the Collett Parade, Parramatta social and affordable housing project. Bridge Housing was also successful in developing a future pipeline of projects by winning tenders on two Communities Plus projects for a further 105 social and affordable homes, to be delivered in 2020-21.

Key:  completed  in progress  not completed

Measure	How did we do?
Strategic portfolio growth to meet affordable housing needs in the community	
Complete and tenant 38 new dwellings at Parramatta	 Completed construction and tenant occupation in March 2017
Work with the LAHC to deliver the Elger Street Project	 Finalise and execute Elger Street Deed of Agreement. Forecast completion of 158 units in June 2018
Work in partnership with Waverley Council to deliver affordable housing dwellings	 Purchased block of four units in Randwick. Delivered upgrade works ahead of schedule
Develop replicable models to respond to Communities Plus opportunities	 Partnered with private developers in three Communities Plus rounds
Pursue opportunities from the \$1 billion Social and Affordable Housing Fund	 Plenary Consortium shortlisted to participate in Social and Affordable Housing Fund but the tender was not successful.
Influence urban renewal opportunities, for example Bays Precinct, Eveleigh to Central	 Participated in the Sydenham to Bankstown Urban Renewal Corridor.
Engage with identified councils to build relationships to enhance affordable housing supply	 Engaged with City of Sydney, Randwick, Canada Bay, Parramatta and Inner West Councils to identify affordable housing opportunities and research projects
Implement the Our Place Green Space initiative to give tenants a say in the provision and maintenance of their housing	 Finalised Bridge Housing Design Guidelines to establish Bridge Housings new development design standards. To be released in November 2017

Business Plan 2016-17

Meeting leveraging targets

With the completion of the Bungaribee and Ashfield projects in June 2016 and Parramatta in March 2017, Bridge Housing has delivered 112 new dwellings. We were contractually committed to deliver 75 social and affordable dwellings by June 2021. Bridge Housing exceeded the target and delivered the housing four years ahead of schedule. We are delivering additional affordable housing through the Randwick affordable housing purchase, in joint venture with Waverley Council, and through various Communities Plus opportunities.

Designing quality homes

Bridge Housing has continued to closely monitor the design and construction phases of our development projects, completing the defects liability period phase on the Ashfield and Bungaribee projects with no major issues reported.

We have also now completed the Bridge Housing Design Guidelines and the final document is due to be published by November 2017. The Guidelines outline the design outcomes and features we expect of the partners and consultants who work on our new residential developments. We aim to lead by example in delivering place-based projects that are built to high design standards. Best practice environmentally sustainable principles, green communal open spaces to host social interaction, robust and durable construction, and excellent residential amenity are some of the

design characteristics that will set Bridge Housing projects apart.

The Guidelines will be a living document. As new projects are completed, Bridge Housing will conduct post-occupancy evaluation through its Tenants Talk Design program, which began in 2015-16. This process will be undertaken at recently completed developments in Ashfield, Bungaribee and Parramatta. This will give our tenants a say in the way we work and to provide 'co-design' feedback that informs revisions to the Guidelines and provides an evidence-base to guide the evolution of our housing design.

Bridge Housing will also perform building walk-throughs and internal evaluations of each project to capture positive innovations and lessons learnt so we can make adjustments to address shortcomings and reinforce successes.

Managing portfolio growth

Following the finalisation of the Parramatta project in 2016-17 and Bungarrabee and Ashfield in 2015-16, Bridge Housing has now completed its first significant property development cycle. We have added 78 new dwellings that are owned and managed by Bridge Housing and a further 34 dwellings at Bunya that were sold to private investors and will be managed by Bridge Housing for up to 10 years.

As described above, the Communities Plus program, as part of the NSW Government's Future Directions Strategy, will provide the next pathway for portfolio growth for Bridge Housing. The Land and Housing Corporation indicates there will be up to 12 rounds of tendering to develop Communities Plus neighbourhood sites. Three rounds have been released and Bridge Housing has engaged

in each round. We have successfully tendered on two sites at Seven Hills and North Parramatta and submitted a tender on a third site at Lidcombe. We submitted a tender for the first Communities Plus major site at Ivanhoe, but were unsuccessful.

Bungarrabee

The Bungarrabee development was completed in the 2015-16 financial year. It was officially opened by the then Minister for Housing, The Hon. Brad Hazzard MP, on 21 November 2016 and provides safe, secure affordable housing for 250 people in western Sydney, including 150 children. Bridge Housing retained 31 dwellings, with the other 34 dwellings sold to private investors to be managed by Bridge Housing as affordable housing for 10 years. The homes are fully occupied.

Ashfield

The Ashfield refurbishment was completed in July 2016, converting an older apartment block into nine self-contained studio apartments with a communal room. It provides safe, secure affordable housing for nine single women, some of whom were escaping domestic violence.

The NSW Minister of Social Housing, The Hon. Pru Goward MP, formally opened the refurbishment on 5 May 2017. The project received a Highly Commended award in the 2017 NSW Australasian Housing Institute Professional Excellence in Housing Awards for Leading Housing Development Project.

Parramatta

Our Collett Parade Parramatta development is showcased in Spotlight 2 on page 32 of this report.



The former NSW Minister for Family and Community Services, the Hon. Brad Hazzard MP, launching our Bungarrabee development on 21 November 2016.



The NSW Minister for Family and Community Services, the Hon. Pru Goward MP, launching our Ashfield development with residents on 5 May 2017.

Elger Street Glebe

The development application for the Elger Street Glebe project was approved by City of Sydney Council in June 2016. The construction contract was awarded on 30 June 2016, appointing Kane Constructions as the head contractor to construct all 158 apartments for seniors and people with a disability, in two buildings. It is expected that the development will be completed in June 2018, when it will be vested to Bridge Housing. The Building will achieve an average Nationwide House Energy Rating Scheme (NatHERS)³³ 7-star rating. The site is within walking distance of Broadway Shopping Centre and close to public transport, including the Glebe light rail stop, buses, and the Blackwattle Bay foreshore walk/cycleway. It is also within close proximity to a range of health and community services.

The Land and Housing Corporation has responsibility for project delivery and Bridge Housing plays an active role on the Project Control Group.

In the Bridge Housing 2015-16 Annual Report we forecast the project would

be delivered by June 2018 but it is progressing well ahead of schedule. The first stage of the development, of 48 apartments, will be ready for occupation in February-March 2018. Stage 2 - 110 apartments - will be ready in April-May 2018.

The cooperation between the LAHC delivery team, Bridge Housing, and Kane Constructions, is reflected in the quality and progress of the construction achieved to date. The Elger Street project is a good example of how a partnership with a community housing provider and LAHC can result in a high-functioning team that can work together to deliver a development that has high quality amenities for social housing tenants, especially seniors and people with a disability.

Communities Plus

The NSW Government announced its Communities Plus program as a central element of Future Directions for Social Housing, its 10-year vision for social housing. Communities Plus will deliver 23,000 replacement and new dwellings. This will be achieved through the redevelopment of major

sites like Ivanhoe and Waterloo, which will deliver thousands of dwellings, and Neighbourhood Projects.

The Communities Plus Program is promoting partnerships between private sector developers and community housing providers. The government requires at least 30 per cent of the redeveloped site to be returned as social housing that will be transferred to community housing providers for management. The remaining site will be used for private development and up to 5 per cent affordable housing.

The scale, financing and risk exposure inherent in this structure requires effective partnerships between community housing providers and reputable private developers. Bridge Housing has partnered with private developers for the first three rounds of Communities Plus.

³³ The Nationwide House Energy Rating Scheme (NatHERS) is a star rating system (out of ten) for the energy efficiency of a home, based on its design. For further information go to www.nathers.gov.au.

Communities Plus rounds

Round	Location	
One	Seven Hills	Bridge Housing was awarded the tender in August 2016 to redevelop eight under-utilised single level dwellings to deliver 118 units. Bridge Housing is currently negotiating the terms of the contract with LAHC which, once signed, will formalise the joint venture agreement we have with our development partner. The first stage of the development is forecast to be delivered in 2020-21.
Two	North Parramatta	In partnership with Mirvac, we have been awarded the tender to redevelop the North Parramatta site, which has potential for more than 200 apartments, 63 of which will be social or affordable housing. Mirvac will take on all development and sales risk.
Three	Lidcombe	In partnership with a private developer, Bridge Housing submitted a tender for this site. Announcement of the shortlisted parties is expected in the first quarter of 2017-18.

The NSW Government's Community Housing Provider Program Management Pilot Program (CHP Project) aims to outsource LAHC project management on smaller redevelopment sites to community housing providers. The government envisages providers will then secure management of the completed properties. This will significantly build the capacity of successful providers and facilitate a pipeline of projects that ensures greater stability for development teams in community housing.

Bridge Housing secured four of the five sites tendered under this program in 2016. The sites are located within the Sydney metropolitan area and comprise 50 one- and two-bedroom social housing units for seniors. Construction will commence in the first quarter of 2017-18, with completion of 36 dwellings forecast for completion between January-June 2018 and the remaining 14 dwellings by August 2018.

Waverley affordable housing

In 2013-14 Bridge Housing secured \$1,092,000 in developer contributions through the Affordable Housing State Environmental Planning policy (AHSEPP) to purchase affordable housing in the Waverley LGA. In the 2015-16 financial year we secured further funds through the AHSEPP

to increase the total amount to \$1,405,900 and obtained approval to utilise the funds in the adjoining Randwick local government area.³⁴

The property market in Waverley and Randwick is one of the most sought-after and expensive in Sydney, so locating suitable properties is difficult. Following unsuccessful bids to purchase several properties, in early June 2016 Bridge Housing secured a suitable property located at 8 Roberts Avenue, Randwick, that comprised four two-bedroom units. The property was purchased on a 50:50 basis with Waverley Council. Bridge Housing will manage all the units, with the Waverley Council units managed under our existing fee-for-service agreement. All units will be rented as affordable housing.

Specialist disability services tender

As part of the NSW Government's agreement with the Commonwealth to transition disability support service provision to the disability sector ahead of NDIS, the NSW Government released a competitive process to outsource support for group homes. It sought responses from specialist disability support providers and community housing providers to tender for the provision of support, tenancy and maintenance services.

Bridge Housing partnered with Achieve Australia for two regions in the Sydney metropolitan area in May 2017. If successful, the NSW Department of Ageing, Disability and Home Care will contract with:

- ▲ Achieve Australia as the specialist independent living provider
- ▲ Bridge Housing to manage the specialist disability accommodation as the accommodation provider.

The outcome of the tender is expected in the first quarter of 2017-18.

This opportunity builds Bridge Housing's growing capability in the area of disability housing. We already established a partnership with Achieve Australia, one of the most respected disability service providers in NSW, by housing a number of their clients in our social housing accommodation at Collett Parade, Parramatta.

Social Housing Subsidy Program (SHSP)

Bridge Housing has identified a suitable property and is in the process of agreeing the terms of the agreement to settle our interest in the SHSP.

³⁴ AHSEPP enables contributions to be spent in an adjoining council. In December 2015, the NSW Government announced a policy to force selected councils to amalgamate with neighbouring councils. Waverley and Randwick Councils were discussing amalgamation. In July 2017 the NSW Government announced it was abandoning its council amalgamations policy.



Development Team: Development Manager Zac Hau; Development Director Christopher Dib; and Assistant Development Manager Sinead Duffy.

Awards

Bridge Housing submitted the following award submissions:

- ▶ Ashfield - 2017 Australian Housing Institute award for the Leading Housing Development Project. The project received a highly commended award for Leading Development in July 2017
- ▶ Bungarribee - Urban Taskforce Development Excellence Awards for Affordable Housing Development. The project was shortlisted, as one of five entries submitted for this category with the award ceremony held on 20 July 2017.
- ▶ Parramatta - Urban Development Institute of Australia (UDIA) award for Excellence in Affordable Housing. The Parramatta project was one of nine entries submitted for this award announced in August 2017.

2017-18 Development Division Objectives

Our Development team objectives for 2017-18 are detailed in the Business Plan 2017-18.

In summary, they are:

- ▶ work with the Land and Housing Corporation (LAHC) to deliver the Elger Street project
- ▶ deliver the Seven Hills development
- ▶ review Communities Plus small site opportunities as they become available
- ▶ influence urban renewal opportunities such as Bays Precinct, Eveleigh to Central
- ▶ engage with identified councils to build relationships to enhance affordable housing supply
- ▶ project manage four LAHC social housing developments
- ▶ continue to implement the Our Place Green Space initiative to give tenants a say in the provision and maintenance of their housing.

Spotlight 6: Finance and Corporate Services

Bridge Housing's Finance and Corporate Services team provides robust financial and business support that underpins the company's operations and the services we provide to our residents. Since 2010, the team has grown from five to 14 staff and expanded to provide financial and accounting services, capital management, human resources, compliance, information technology and administrative support, as well as business improvement services to the rest of the organisation.

The Finance and Corporate Services team works behind the scenes and much of the time is unnoticed. But its ability to provide timely and accurate financial information and robust reporting to internal and external customers and ensure good governance and transparency has once again been recognised with a Gold Award for our 2016 Annual Report at the Australasian Reporting Awards.

Over the last three years we have increased our housing development and taken on \$25 million in corporate debt to finance these activities.

Bridge Housing's portfolio is growing and becoming increasingly diverse; contractual and regulatory requirements are more demanding; and the government's tendering regime is more complex and resource-intensive. To manage this increased level of risk and complexity we have expanded the Finance and Corporate Services team by adding new positions of Compliance Officer and Human Resources Manager.

Key functions

The Finance and Corporate Services team services both internal and external clients. It provides strategic financial and support services directly to staff and through a range of interactions with external stakeholders, including fee-for-service partners and landlords, suppliers, key statutory stakeholders and partners such as the state and federal governments.

The Finance team provides accountancy and financial services that support Bridge Housing's frontline services. It also provides financial and business analytics, regulatory reporting services and delivers specialist accounting practices in the form of trust accounting services to manage our privately owned and fee-for-service properties.

The team is managed by a Financial Controller who reports to the General Manager Finance and Corporate Services. The Corporate Services team delivers human resources, compliance, information technology and administrative support, as well as business improvement services to the rest of the organisation.

Growth initiatives

The team works with other areas of Bridge Housing to support growth initiatives including:

- ▶ implementation of a new integrated tenancy and financial management system
- ▶ delivery of a human resources transformation program which saw employee engagement increase from 73 per cent to 79 per cent in the 2016-17 year
- ▶ implementation of a robust risk management framework and online risk management system
- ▶ development and implementation of a Business Continuity Plan

- ▶ development and implementation of work, health and safety systems and processes
- ▶ development of robust financial modelling, management and reporting systems
- ▶ establishment of corporate debt facilities
- ▶ establishment of an ongoing internal audit program
- ▶ establishment of robust business and strategic planning process
- ▶ establishment of trust accounting systems and processes to support this growing part of the business
- ▶ upgrading information technology capabilities - mobility, automated rent review calculator, electronic document and records management system (in progress).

New roles

Because of the increased demands on the skill and professionalism of the Corporate Services team over recent years, the Bridge Housing Board has created several new roles, including:

- ▶ Human Resources Manager
- ▶ Senior Financial Analyst
- ▶ Business Systems and Process Improvement Manager
- ▶ Compliance Officer.

The full time internal Human Resources Manager appointed in 2016-17 will help Bridge Housing implement and drive our newly developed People and Culture Strategy - **Stay, Say and Strive**.



Finance and Corporate Services Team: Senior Financial Analyst Amber Yao; GM Finance and Corporate Services David Miller; Executive Assistant to CEO and Office Manager Natasa Tosic; Business Systems Manager Sarah Barclay; HR Manager Jenny Woolley; Financial Controller Becky Chan; Compliance Officer Joseph Vernez; Assistant Accountant Rowena Chen; Accounts Officer Payable Rupika Srinivasan; and Accounts Officer Receivable Agnes Walshe.

The Senior Financial Analyst role provides the skills needed to better evaluate tender opportunities with sophisticated financial modelling and to better manage the finances of development projects. The Compliance Officer role has strengthened our internal professional compliance capability, thereby driving improved performance reporting and monitoring at the statutory, internal audit and operational levels.

The Business Systems and Process Improvement Manager role incorporates expertise in business

systems improvement planning and the project management of significant and high risk information and communications technology projects. The Business Systems and IT team manages a range of business systems and hardware. These include the primary tenancy and financial management system, SDM; a trust accounting property management system, Property Tree; our risk management system Complispace, plus Deeplake Communication Manager and Staysafe lone working portal. The team delivers desktop

and mobile technology solutions for all staff and key stakeholders such as tenants and suppliers, and project manages the upgrade of existing systems, technology solutions and business system improvements.

In the coming year, the Finance and Corporate Services Team will help prepare Bridge Housing for the next stage in its journey to long-term growth.

Finance and Corporate Services Report

The Finance and Corporate Services team provides strategic 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 2016-17](#).

This section of the Annual Report:

- ▶ presents highlights of 2016-17
- ▶ reviews 2016-17 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 2017-18 objectives.

The 2016-17 Financial Summary section on page 86 reports on our financial position, including our comparative five-year financial performance for 2013-17.

Highlights of 2016-17

In 2016-17 the Finance and Corporate Services team:

- ▶ met most financial and operational key performance indicators (KPIs)
- ▶ negotiated an additional debt facility with NAB of \$8 million to fund our planned Seven Hills development project which will deliver 45 new social and affordable dwellings in 2020/21
- ▶ renegotiated our corporate debt facility to allow surplus cash to be paid down against debt into a redraw facility, reducing our net interest expense and increasing flexibility to manage cash flows

- ▶ completed and implemented our Fit For Growth project to prepare the organisation for the impact of the Social Housing Property Management Transfer tender. This included the development of a financial model to forecast the cash flows and outcomes for the tender
- ▶ moved to electronic board papers to improve administration of board papers and governance
- ▶ undertook a biennial external governance review
- ▶ implemented a trust accounting system to manage our fee-for-service owners' funds
- ▶ successfully upgraded our SDM tenancy and financial management system to the latest version. This included greater automation of the Rent Calculation Module to manage our twice-yearly rent reviews for 1,800 tenancies
- ▶ progressed the procurement and design of an electronic document and records management system (DRM system) to be implemented in 2017-18
- ▶ developed a mobility strategy to be rolled out in early 2017-18. See Information Technology section on page 83
- ▶ competed year two of the internal audit program, 2015-2018 (see page 80)

- ▶ developed a Risk Appetite Statement to support our Risk Management Framework
- ▶ undertook White Ribbon accreditation.

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 2016-17](#):

- ▶ 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 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?
Managing the business sustainably	
Deliver an underlying operating surplus (EBITDA) of \$1.5 million	 Achieved an underlying operational surplus of \$1.4 million, strengthening Bridge Housing's balance sheet. Most key financial ratios and other metrics were within benchmark
Deliver a total EBITDA of \$4.4 million	 Achieved an EBITDA of \$4.7 million
Adequate funding is available to meet business requirements	 Secured approval for additional debt of \$8 million to fund Seven Hills project and renegotiated our corporate debt facility to allow debt to be paid down into a redraw facility to reduce costs and provide greater financing flexibility
Ensure compliance with all banking covenants	 Met all covenants at all times during the year
Enhance financial models, specifically in relation to costing the SHMTP opportunity	 Developed a detailed model to analyse and forecast the financial outcomes expected from the tender opportunity.
Update Strategic Asset Management Plan	 Reviewed and updated plan in May 2017
Implement integrated mobility and communication solution, including integrated SMS technology	 Implementation is well-advanced and to be finalised in first quarter 2017-18
Implement electronic document records management system	 Completed procurement and design. System build and implementation delayed until 2017-18
Implement dashboard reporting	 Project deferred in lieu of other priorities
Develop a long-term information technology strategy	 Components developed but overall long-term strategy still to be finalised. To be finalised in 2017-18 to coincide with IT requirements associated with our office relocation and next 3 year Strategic Plan development
Finalise Work Health and Safety policy and audit regime for contractors	 Finalised approach and policy. Incorporated into an updated WHS Management Framework being developed
Governing effectively	
Undertake independent external review of corporate governance	 Review completed by Dr Ann Maree Moodie of the Boardroom Consulting Group. Approved recommendations to be implemented in 2017-18
Undertake Year 2 of Internal Audit Plan	 Completed internal audits on property development and project management; and maintenance expenditure and contract management. See page 80 for details
Review cost/benefits of implementing electronic board papers	 Software package Diligent implemented to manage all board and subcommittee meeting papers
Implement a trust accounting system and process	 Implemented Property Tree trust accounting system to manage funds for fee-for-service clients
Develop a strong contract management framework	 Yet to be completed
Implement new reporting requirements to comply with new FACS data collection requirements	 Updated reporting requirements as defined by FACS were updated and incorporated into our quarterly performance reporting,
Ensure adherence to National Rental Affordability Scheme (NRAS) reporting and compliance requirements	 Successfully activated all NRAS properties and processed compliance certificates

Key:  completed  in progress  not completed

Measure		How did we do?
Develop our people		
Review existing roles and responsibilities and realign organisational structure to meet long term business objectives		Completed as part of our Fit for Growth project and the review informed our tender submission for the SHMTP
Develop human resources strategy to support long term growth		Finalised strategy and employed full time Human Resources Manager to execute the strategy
Review remuneration model		Project deferred until 2017-18
Continue cross team collaboration initiatives		Implemented several initiatives – see people section on p xxx
Investigate development of a graduate program		Initiative deferred until 2017-18
Review current recruitment methods, models and arrangements		Human Resources Manager undertook review. Revised approach to be implemented in 2017-18
Develop and implement a formal staff recognition program		Program under development. To be implemented from late 2017
Develop long-term accommodation strategy		Developed strategy. Office move to occur by June 2018
Refresh Bridge Housing commitment to diversity		Begun process with work to continue into 2017-18
Achieve White Ribbon workplace accreditation		Completed all processes and submitted application. Awaiting White Ribbon review of our submission, which is due September 2017

Internal Audit Program

During 2016-17 Bridge Housing worked with our internal auditors, PKF Accountants, to execute Year 2 of our Internal Audit Plan 2015-18. The Internal Audit covered two areas of operation:

- ▶ property development and project management
- ▶ maintenance expenditure and contract management.

Property development and project management

Bridge Housing finalised three development projects in 2016-17 with a total development cost of close to \$35 million. Given the scale and the ongoing development pipeline, the internal audit work performed covered the following areas:

- ▶ due diligence procedures
- ▶ process of awarding contracts
- ▶ development feasibility and modelling

- ▶ management of contracts
- ▶ governance framework
- ▶ scalability of operations.

The audit found ‘the due diligence procedures are comprehensive and demonstrate best practice’, with all other areas described as being sound with no identified issues.

The audit did identify three matters for the attention of the Board and management:

- ▶ create a due diligence checklist
- ▶ formalise the handover process and meetings
- ▶ document a risk management strategy around key man risk

Each of these recommendations was rated as a low-risk but will be addressed by management during 2017-18

Maintenance expenditure and contract management

The work performed covered the following areas:

- ▶ assessing current controls regarding levels of spending delegation ensuring compliance with these levels

- ▶ reviewing quality assurance measures to ensure completed maintenance work is of sufficient quality and satisfies tenants
- ▶ assessing Bridge Housing’s oversight of contractor accreditation and the maintenance of the accreditation process to determine if the process is sufficient for current business operations
- ▶ evaluating quality-control and monitoring of the quantum charged by contractors
- ▶ assessing the sufficiency of Bridge Housing’s oversight of contractor performance and value-for-money measures
- ▶ evaluating Bridge Housing’s preferred tender panel/ process and initial impacts on contractor cost management
- ▶ estimating the scalability of Bridge Housing’s systems and controls in light of planned growth objectives to minimise and mitigate risks of fraud.

The audit found Bridge Housing was compliant across all areas examined or operating in line with best practice.

In particular, PKF noted that ‘sufficient and appropriate evidence was obtained to support the Bridge Housing policy compliance and external guidance compliance; pleasingly this evidence indicated that Bridge Housing is exceeding what is recommended in all facets of repairs and maintenance being responsive, planned and vacant’.

The audit identified three matters for the attention of the Board and management:

- ▶ Review the effectiveness of the KPIs used
- ▶ Explore the possibility of incorporating the schedule of rates into our Enterprise Resource Planning system
- ▶ Investigate the possibility of incorporating the delegations into system controls.

Each of these recommendations had a low risk rating but are being reviewed by management.

Risk management

Bridge Housing understands that our ability to effectively manage our appetite for risk on a day-to-day basis relies on the quality of our organisational infrastructure and the strength of our culture. To this end, Bridge Housing has:

- ▶ implemented an enterprise risk management program in accordance with the International Risk Management Standard ISO 31000
- ▶ developed a detailed risk-categorisation process which allows us to effectively identify and assess risks on an enterprise basis
- ▶ adopted a risk profiling system through which we analyse the likelihood of a particular risk event occurring, and the potential consequences if the event was to occur, having regard to the overall control effectiveness of existing mitigation strategies
- ▶ appointed a Compliance Officer who is responsible for overseeing the management of Bridge Housing’s risk management function
- ▶ implemented a Compliance Program in accordance with the Australian Compliance Standard AS/ISO 19600:2015, through which we monitor key risk controls

- ▶ implemented a complaints handling process in accordance with the International Standard ISO 10002, through which we capture key risk indicators
- ▶ implemented an online policy management system and staff induction and training program
- ▶ implemented an assurance management system which allows us to capture key risks, tasks and incidents, and assign them to responsible individuals, as well as monitor their progress.

Bridge Housing believes that by developing our organisational governance infrastructure we have taken considerable steps towards achieving a high level of risk maturity. Through this, we have developed and will continue to develop a positive risk management culture.

Risk Management Plan 2016–17

Bridge Housing has developed comprehensive risk management plans since 2005. These are reviewed annually to ensure that the plan addresses our changing risk profile. During 2016–17, 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 throughout the year, in addition to our regular reporting to the Board.

Our Risk Management Plan enables us to identify and record potential risks that may prevent us from meeting our objectives. It identifies 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 and is overviewed by our Compliance Officer.

We developed the Risk Management Plan 2016–17 based on the Executive Management team’s review of our external and internal operating environments and the Risk Management Plan 2015–16 (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 2016–17](#).

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
- ▶ 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.

Risk Appetite Statement

To complement our overall Risk Management Framework, a Risk Appetite Statement was developed during the year and adopted by the Board. The Risk Appetite Statement sets out our willingness to take on or retain risk.

The Risk Appetite Statement establishes risk tolerance in the following categories:

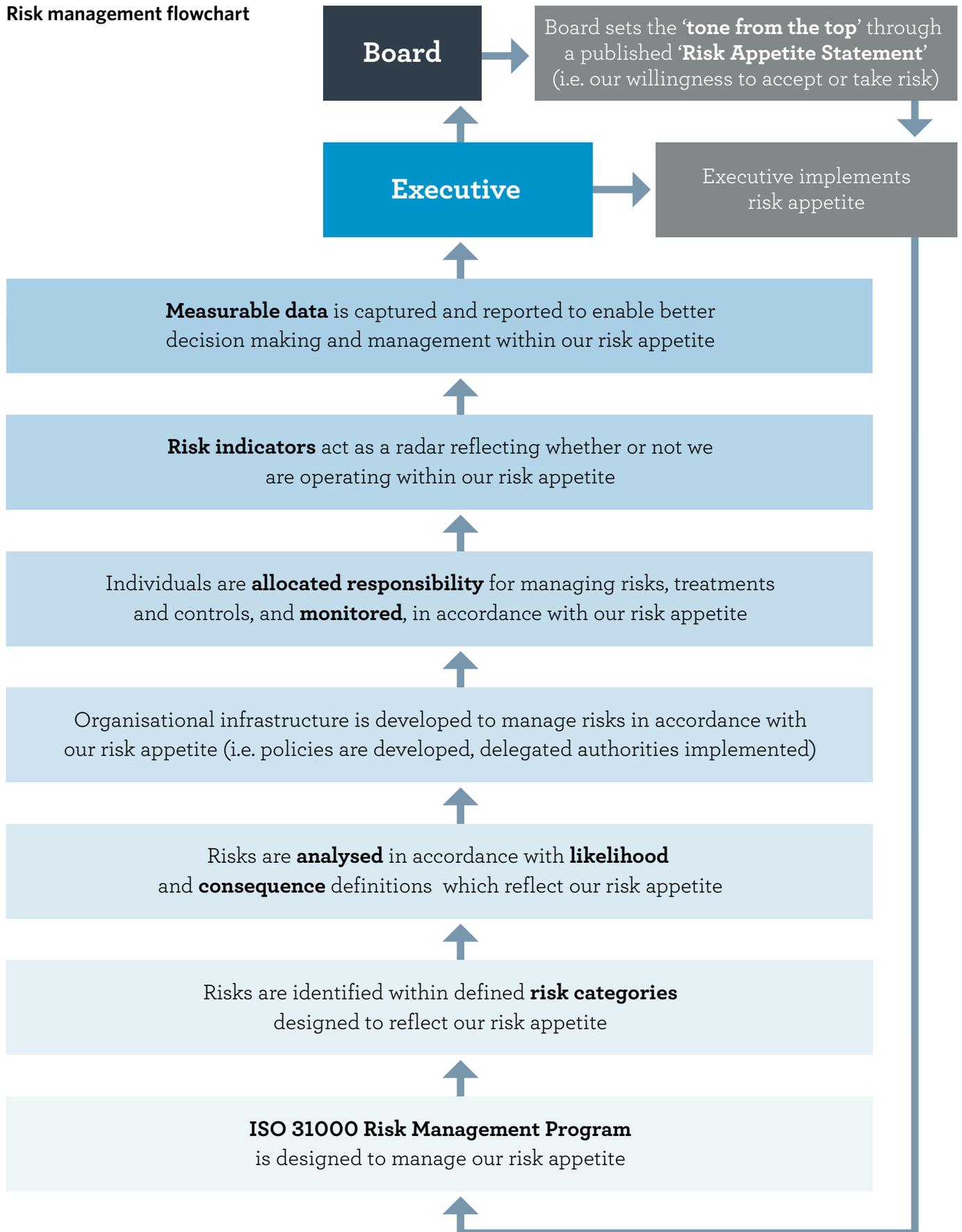
- ▶ strategic risk
- ▶ governance risk
- ▶ compliance (internal control) risk
- ▶ legal risk
- ▶ human resources risk
- ▶ technology risk
- ▶ finance risk
- ▶ tenancy and asset management (operational) risk
- ▶ key stakeholder (reputational) risk
- ▶ acquisition risk
- ▶ development risk.

Bridge Housing has considered a number of factors to determine its tolerance for each of these risks. The Risk Appetite Statement classifies the organisation’s tolerance for each risk as low, moderate or high. However, there are areas in Bridge’s operations where there is no tolerance to risk e.g. work health and safety.

Risk appetite applies to the management of existing activities, as well as seeking out new opportunities. Every business organisation must have some tolerance for some risk as all opportunities carry risks. Risk appetite is focused on the pursuit of risk and the parameters that we must employ in deciding whether to take on the risk.

The process of identifying our Risk Appetite and effectively implementing it is illustrated in the following diagram.

Risk management flowchart



Work 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 effect 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.

A WHS Committee manages work health and safety at Bridge Housing. The WHS Committee comprises two employee representatives, as well as two management representatives: the CEO and the General Manager Finance and Corporate Services, together with the Human Resources Manager and the Compliance Officer. Staff elect the employee representatives, who act as the designated health and safety representatives, as required by the *Work Health and Safety Act 2011*.

The committee met four times in 2016-17 and carried out four workplace inspections which identified there were no significant issues to be addressed. 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 - part of induction)
- ▶ 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).

During 2016-17, Bridge Housing, through its WHS Committee, implemented its 2016-17 Work Health and Safety Action Plan and has developed a new plan for 2017-18.

WHS Management Framework

Over the past few years, Bridge Housing has reviewed and refined its WHS Policies and Procedures. These are incorporated on our intranet and form a part of our induction process and ongoing training.

Bridge Housing is committed to providing a safe and positive workplace for its staff, tenants, contractors and all people involved in its activities and the environment in which it operates. During the year we reviewed current documentation and have begun the development of an overarching WHS Management Framework, which outlines the structure of the Bridge Housing Workplace Health and Safety Program.

The objectives of this Framework are to:

- ▶ set out Bridge Housing's work health and safety policies and objectives
- ▶ establish a framework that ensures the requirements of relevant WHS legislation is met across the activities carried out by Bridge
- ▶ define the purpose of procedures and tools which give effect to the Bridge Housing WHS Policies and objectives
- ▶ demonstrate compliance with these Bridge Housing WHS policies and objectives.

The final version of the document will be presented to the Board in early 2017-18.

We continue to use an online induction system for contractors together with the CM3 contractor compliance management system.

We maintained an excellent WHS record during the year with no reportable incidents and no lost work hours. 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.

Information Technology and Systems

A number of projects were initiated or delivered during the year by the IT and Systems team. Ongoing work

relating to our primary information management system, SDM, has involved testing and applying version updates, supporting users to improve the quality of data entry and process completion, and working to deliver specific functional improvements, such as the automated Rent Calculator.

The rollout of a specialist trust accounting system during the year required supporting a governance process to establish business processes, protocols for stakeholder communication and data entry, plus delivery of staff training and supporting documentation.

Analysis of business requirements for hardware and software to support mobile working for frontline operational staff led to the instigation of two significant projects. The hardware project involved the rollout of a mobile hardware solution which included the upgrade of smart phones and the replacement of an iPad pool with individual laptops/hybrids for front line operational staff. This rollout supports a mobile software project which will include the upgrade of e-forms and the delivery of a third-party software application, Deeplake, as a communications management portal linked to SDM.

The ongoing investment of resources and the continual improvement in processes and systems is evident in the results of the Staff Engagement Survey. This showed satisfaction with technology increasing to 70 per cent, up from 47 per cent last year and is now 16 percent above the community housing sector average.

SDM

During 2016-17, we conducted a version upgrade of our system to V2015, which was delivered with minimal user disruption and supported through a comprehensive project management process involving user testing and acceptance, staff training, and the implementation of specific change management strategies to support the upgrade.

The automated Rent Calculator continues to be embedded into the business-as-usual processes for calculating and reviewing a tenant's subsidised rent. Through ongoing liaison and collaboration with SDM,

our software provider, Bridge Housing has been able to fully automate the resource-intensive bi-annual rent review process, significantly reducing the amount of time and number of staff required to process the review and manage the associated documentation and data entry. This has, in turn, enabled the organisation to streamline the timeframe for delivery of the rent review, supporting the maximisation of rental income by aligning the process with Centrelink's CPI increases.

System enhancements and improved data quality have continued to drive more accurate reporting, which has led to improved performance outcomes. This has ranged from improving reporting accuracy, reducing errors in data entry, and enhancing configurable system elements to support data retrieval, to developing clear and concise system guides and supporting material to help new and existing users build system knowledge and capacity.

Mobile technology review

During the year we reviewed how best to support operational staff working in the field, while they access systems and complete certain core tasks on the go and outside the office. Feedback from staff was incorporated into a research project to ascertain the most cost-effective and practical solution, involving user testing of various hardware and software options. The hardware solution included the upgrade of iPhones and the rollout of individual laptop/hybrid devices for frontline operational staff. Software accessed through applications on the iPhones, was also updated to allow the completion of online forms, etc.

The project also incorporated the implementation of a new mobile communication software. The implementation of Deeplake's Communication Manager portal commenced this year and will be rolled out early in 2017-18. The process has involved collaboration with both Deeplake software designers and SDM to enable the technical set-up and testing of various links and write-back features. Phase One of the project has seen the development of various workflows that can write data directly back into SDM and provide enhanced communication for sending and receiving SMS.

Digital record management

Whilst the implementation of our DRM system is focused on providing a platform for future growth, the implementation was slowed through 2016-17 as we focused on our tender preparation and submission for the SHMTP.

Installing the DRM system is a major IT project that will provide the internal business infrastructure and systems required for long-term growth.

This project is taking place over several stages to:

- ▶ develop a records management framework
- ▶ develop a system requirements brief
- ▶ select a system
- ▶ design the system
- ▶ configure and implement the selected system
- ▶ develop user documentation and train users.

We have completed up to Stage 4 and have commenced system design. It will be implemented in the first half of 2017-18.

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 human resources (HR) offering and refining our HR policies and procedures, enhancing our Total Rewards Program and improving our training and development program.

Our efforts have shown an increase in the overall staff engagement survey result in 2016-17 to 79 per cent, up from 73 per cent last year. 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.

2017-18 Finance and Corporate Services objectives

Our Finance and Corporate Services objectives for 2017-18 are detailed in the Business plan 2017-18. In summary, these are:

- ▶ achieve an operating EBITDA (earnings before interest, taxes, depreciation and amortisation) of \$2.3 million, to meet short and long term goals and objectives outlined in the Business Plan 2016-17
- ▶ implement the recommendations from the external governance review conducted in 2016-17
- ▶ complete Year 3 of the internal audit program
- ▶ undertake fraud and corruption review and training
- ▶ expand our debt facilities to meet ongoing development requirements
- ▶ continue to implement integrated communication / mobility software
- ▶ embed electronic document records management system
- ▶ implement dashboard reporting
- ▶ develop a long-term IT strategy to support office relocation and long-term growth
- ▶ finalise and communicate the WHS Management Framework
- ▶ review and update the People and Culture strategy to support long term growth
- ▶ review the current remuneration model
- ▶ implement a review of current recruitment methods, models and arrangements
- ▶ identify and secure new accommodation for Bridge Housing's head office
- ▶ refresh and celebrate Bridge Housing's commitment to diversity in the workplace
- ▶ achieve White Ribbon accreditation
- ▶ undertake a digital marketing strategy review
- ▶ develop and embed a social media policy and associated protocols.



Laggan Avenue, Balmain resident Les Wicks



[Visit Bridge Housing Limited to watch The Difference We Make videos](#)

Financial Summary 2016-17

Bridge Housing recorded a total operating surplus before depreciation and interest (EBITDA) of \$4.7 million in 2016-17. This was contributed to by one-off profits from development and other activities of \$3.3 million. Our underlying operating profit was \$1.4 million, compared to \$1.1 million in 2015-16. Our total operating surplus is shown in the Financial Results graph on page 87.

Financial Position

Revenue

Total revenue increased by \$8.3 million in 2016-17. When one-off items are excluded, underlying revenue increased by \$2.6 million or 9 per cent. This was mainly due to increases in rental revenue though indexation from the bi-annual rent review process, the impact of additional properties and the impact of the first year of NRAS rental subsidies. The revenue breakdown for 2013-17 is shown in the Revenue chart on page 87.

Expenses

Expenses increased by \$0.9 million in 2016-17. This is impacted by the one-off value adjustment of \$2.3 million in 2015-16 in relation to our financial derivative.

Excluding this one-off item, expenses increased by \$3.2 million in 2016-17, or 10 per cent. The expenses breakdown for 2013-17 is shown in the Expenditure chart on page 87 and is impacted by the recognition of Interest Expense (\$0.7 million) post completion of our development projects. Excluding interest and depreciation, our underlying operating expenses increased by \$2.3 million or 8 per cent.

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 \$23 million to \$128 million during 2016-17. Major movements were:

- ▶ cash decreased by \$3.6 million, from \$8.3 million in 2014-15, to \$4.7 million. This reflects the repayment of \$7 million surplus cash into a debt redraw facility
- ▶ the value of property, plant and equipment increased by \$27 million to \$143 million as a result of additions (\$8 million), revaluation of completed development projects at Bungarabee, Ashfield and Parramatta (\$12 million) and the revaluation of existing properties (\$7 million)³⁵
- ▶ current liabilities remained steady
- ▶ non-current liabilities decreased by \$1.9 million. Additional debt drawdown of \$6.1 million was offset by the \$7 million repayment to reduce overall debt by \$900,000. In addition, the provision for the fair value was reduced by \$1 million.

Financial Performance 2013-17

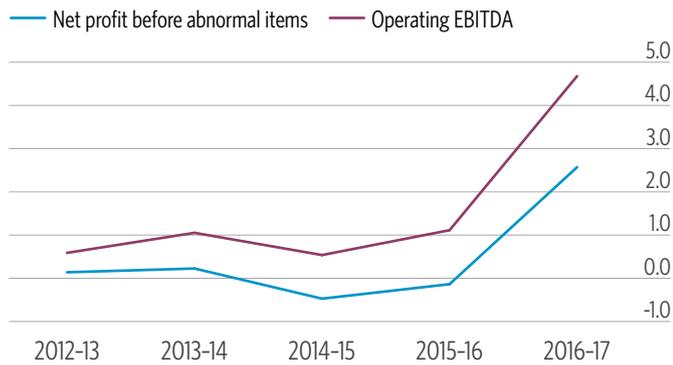
A five-year comparative analysis of our financial performance, including our 2016-17 results, is available on page 88. This is an extract from our audited Financial Report 2017, available at www.bridgehousing.org.au or by phoning the Bridge Housing office on 02 8324 0800 or emailing customerservice@bridgehousing.org.au.

Our 2013-17 report card

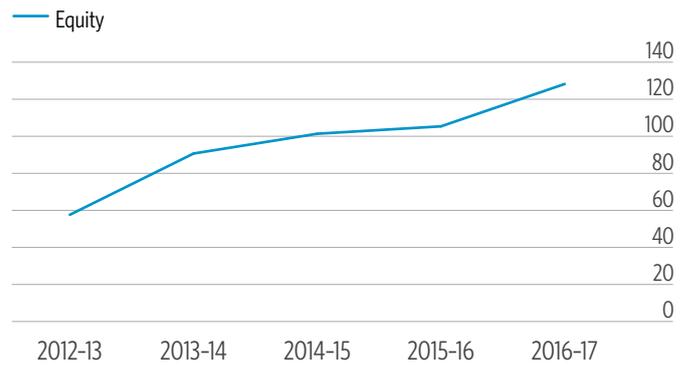
We have analysed Bridge Housing's key financial and operational ratios against KPIs over five years to 30 June 2017. The trend analysis shows that we performed well against our financial and non-financial KPIs during 2016-17. Profitability has improved and arrears continued to be maintained below industry benchmark. As reported last year, there was a renewed focus on our voids and vacancies, and both improved to now be below benchmark.

³⁵ One third of the portfolio is revalued every year by a qualified external valuer. Properties are chosen to ensure that there is a broad coverage across different areas and housing types. The average increase in valuations are then applied across the whole portfolio.

Financial Results (millions) 2013-17



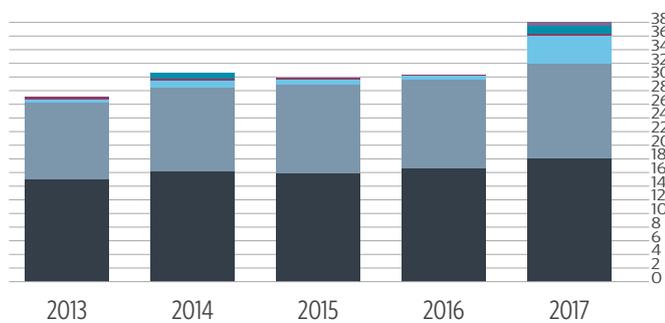
Equity Total equity (millions) 2013-17



Revenue

Revenue composition (millions), 2013-17

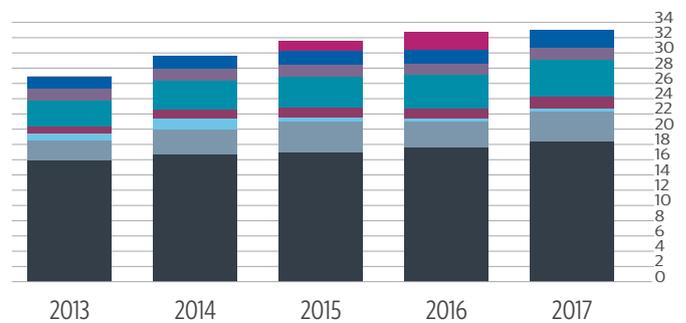
- Rental Income
- Govt Grants - Operating
- Other
- Bank Interest
- Govt Grants - Non Operating
- Other Income



Expenditure

Expenditure composition (millions), 2013-17

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



Financial Summary 2016–17 (continued)

Key performance indicators five year analysis	Benchmark	2013	2014	2015	2016	2017
Tenant satisfaction						
Overall satisfaction with the organisation (%)	75	85	84	81	N/A	84
Service development						
Total number of housing properties		1,628	1,649	1,716	1,767	1,915
Finance management						
Staff cost as a percentage of total revenue (%)		13.0	12.7	13.8	14.4	13.1
Property costs as a percentage of total revenue (%)		77.4	75.0	77.3	75.4	67.3
Administration cost as a percentage of total revenue (%)		6.0	5.3	6.2	6.3	6.1
Profitability ratio - operating EBITDA operating revenue (%)		2.2	3.6	1.8	3.7	4.3
Liquidity ratio - current assets/current liabilities		3.8	3.8	4.0	1.9	1.6
Cash flow ratio - operating cash inflows/operating cash outflows		1.0	1.1	1.0	1.2	1.1
Interest cover ratio - operating EBITDA/interest expense (%)	2	0	0	0	0	9
Loan to value ratio (%)	35	N/A	N/A	5.4	14.7	11.7
Return on assets - EBITDA/assets (%)		1.0	1.9	0.5	0.9	0.9
Cash at end of year(\$m)		10.7	11.3	7.2	8.3	4.7
Operating EBITDA (\$m)		0.6	1.1	0.5	1.1	4.7
Net profit (\$m)		0.1	1.0	-1.8	-2.5	3.7
Housing management						
Arrears (%)	2.5*	2.3	3.0	1.9	1.3	1.5
Rent loss via void (%)	2.5*	0.6	0.7	1.0	1.0	0.6
Rent loss via vacancy (%)	2.5*	0.7	0.4	0.6	0.3	0.4
Void days	28 days*	21	31	30	27	18
Vacant days	14 days*	18	16	17	16	10
Number of tenants exiting the service because of possession order enforcement		23	19	15	8	2
Eviction rate (%)	10	14.0	9.4	7.5	4.4	0.9
Human resources						
Staff engagement		72	82	75	74	79
Ratio of staff to lettable properties		1:41	1:39	1:39	1:38	1:37
Staff turnover (%)		15	11	16	22	24
Number of full time equivalent staff		40	42	44	46	52

* Benchmarks established by the National Regulatory System for Community Housing (NRSCH). See Registration Return Guide, 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

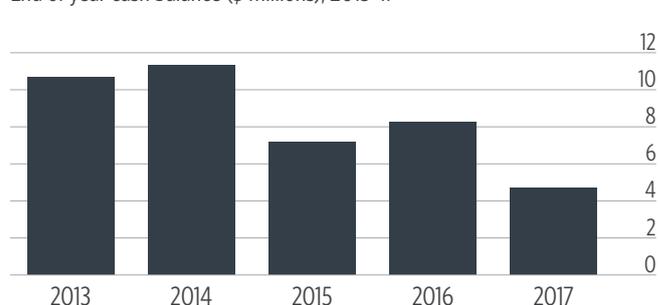
Costs as percentage of revenue, 2013-17



As we have grown our revenue base, costs as a percentage of revenue have decreased. After adjusting for one-off, abnormal items, costs have increased by \$200,000.

Cash balance

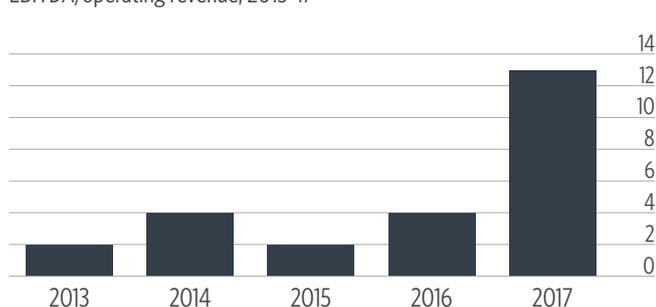
End of year cash balance (\$ millions), 2013-17



Our cash balance at 30 June 2016 was \$4.7 million. This is a decrease of \$3.6 million on the previous year's balance. This reflects the decision to repay \$7 million of debt from surplus cash into a redraw facility. We continue to maintain a strong cash position to continue to deliver affordable housing to low and moderate income earners.

Profitability ratio

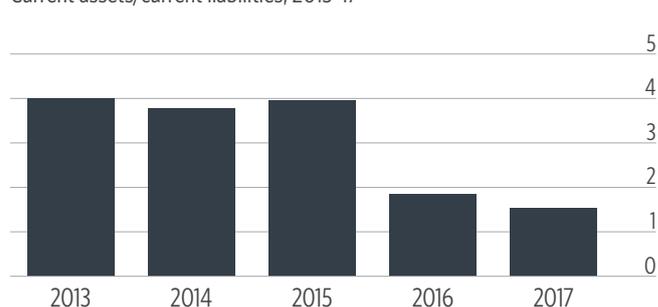
EBITDA/operating revenue, 2013-17



This ratio measures earnings before interest, tax, depreciation and amortisation (EBITDA) as a percentage of operating revenue. The percentage has increased significantly this year as a result of one off profit recognition. The underlying EBITDA was 4.3 per cent.

Liquidity ratio

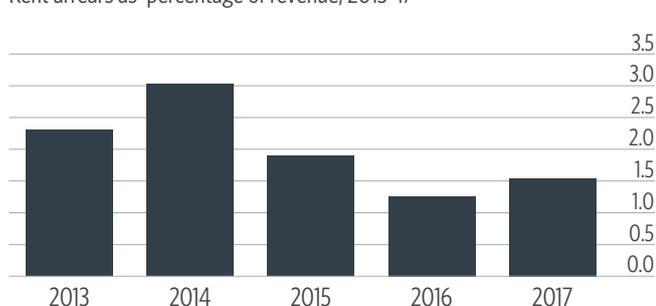
Current assets/current liabilities, 2013-17



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 2017 was 1.6 per cent, which indicates the strength of our capacity to meet short-term financial commitments.

Arrears

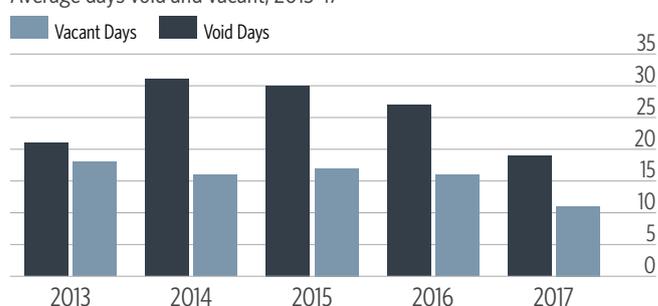
Rent arrears as percentage of revenue, 2013-17



This ratio measures our rental arrears as a percentage of operating revenue. The ratio has remained relatively steady at 1.5 per cent, and is well below the industry benchmark of 2.5 per cent.

Voids and vacants

Average days void and vacant, 2013-17



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 significantly from last year and are generally in line with or below benchmark.

Financial Summary 2016–17 (continued)

Five-year financial results at a glance (In '000 AUD)		2013	2014	2015	2016	2017
How much we...	Where does all the money come from?	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Charged tenants for living in the properties	Rents	14,954	16,095	15,876	16,600	18,433
Received from government	Non-operating grants received such as SEPP10, capital grants	0	775	0	0	0
Received from government	Operating grants received	11,284	12,354	12,987	12,907	13,791
Received from investment of surplus funds	Interest	384	314	308	160	203
Received from other activities	Fees for service, water usage recharge, tenant reimbursement	426	1,002	633	666	3,812
Received from government	Other contribution - properties vested	0	24,490	0	0	0
Fair value gain	Fair value adjustments	0	0	0	0	1,011
Total revenue (excluding other contributions)		27,048	30,540	29,804	30,333	37,250
Where does all the money go?						
Spent renting properties	Rents paid	-15,920	-16,702	-16,977	-17,635	-18,401
Spent on property rates & utilities	Rates and utilities	-1,482	-1,534	-1,566	-1,483	-1,699
Spent on maintaining the properties	Maintenance	-2,552	-3,226	-4,007	-3,304	-3,921
Spent on other property expenses	Insurance & other property expenses	-980	-1,450	-497	-445	-356
Allocated on other property expenses	Depreciation	-833	-1,140	-1,271	-1,319	-1,486
Spent on administration expenses	Administration and overhead expenses	-1,629	-1,611	-1,837	-1,912	-2,952
Spent on salary and related costs	Management expenses	-3,513	-3,876	-4,120	-4,372	-4,758
Fair value loss	Impairment/Fair Value adjustments	0	0	-1,341	-2,336	0
Total expenditure		-26,909	-29,539	-31,616	-32,805	-33,573

Five-year financial results at a glance (In '000 AUD)		2013	2014	2015	2016	2017
Have kept to help with future activity	Surplus for the year	139	1,001	-1,812	-2,472	3,676
Retained of previous years' surpluses	Retained profits brought forward	57,484	89,683	103,182	107,828	124,489
Transferred to Reserve for PMP	Transfer to reserve for planned maintenance program	0	0	0	0	0
Transferred to Reserve for property revaluations	Transfer to assets revaluation reserve	-1,577	-9,148	-21,647	-28,106	-47,238
Transferred to Reserve for property development	Transfer to other reserve for property development	0	0	0	0	0
Retained to help with future activity	Retained profits carried forward	56,046	81,537	79,723	77,250	80,927
Balance sheet						
Owed by our tenants and others	Debtors	3,301	1,772	1,803	1,933	4,045
Held in the bank	Cash assets	10,734	11,332	7,175	8,260	4,698
Paid for property, furniture and equipment	Property, plant and equipment	47,377	81,212	99,733	120,036	142,459
Owed to members & others	Other liabilities	-3,788	-3,632	-2,404	-7,975	-7,155
Owed to financial institutions	Debt	0	0	-4,938	-16,898	-15,882
Net assets		57,623	90,685	101,369	105,356	128,165
Retained to provide for future planned maintenance program	Reserve	0	0	0	0	0
Retained to provide for assets	Assets revaluation reserve	1,577	9,148	21,647	28,106	47,238
Retained to provide for future property development	Other reserve	0	0	0	0	0
Retained for future activities	Retained profits	56,046	81,537	79,723	77,250	80,927
Total equity		57,623	90,685	101,369	105,356	128,165

Our comprehensive Financial Report 2017 is available on the CD with this Annual Report and at www.bridgehousing.org.au

Bridge Housing in the Community

Bridge Housing staff members engage with the communities in which we live and work to support the good work of other organisations that contribute to the wellbeing of our communities. We are proud to collaborate with stakeholders who can have a profound and positive impact on the future direction of the housing sector. Much of our community engagement can be found on [Facebook](#), [LinkedIn](#) and [Twitter](#).

2016 Bridge Run

In September 2016, 25 Bridge Housing staff members entered the annual Blackmores' Bridge Run, a 9-kilometre run from North Sydney to the Botanic Gardens. Running under the banner of the Bridge Housing Harriers, our staff runners raised \$4,170 for White Ribbon, Australia's campaign to prevent men's violence against women.

2016 Street Count

The City of Sydney conducts biannual street counts of rough sleepers in the heart of the city every February and

August as part of its Homelessness Strategy. The aim is to collect up-to-date information about the numbers of people sleeping rough in the local government area, to help measure the effectiveness of the City's Homelessness Unit and other local initiatives. In 2016, for an eight consecutive year, Bridge Housing staff volunteered to help the City of Sydney collect the data.

Other fundraising and community activities

Bridge Housing partnered with Redfern Community Centre to

hold a flag-raising ceremony for NAIDOC Week 2016. We also attended the Yabun Festival at Victoria Park on 26 January 2017.

Bridge Housing staff enthusiastically supported Poets Corner Pre school operated by Counterpoint Community Services in the Redfern public housing estate for the second year running. In December 2015, the Assets team of Bridge Housing ran its annual food collection drive and the Reception team ran a program of donating gifts for the children at that same play school.

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 two different charities - RSPCA (animals) and Ronald McDonald House (kids).

A team of Bridge Housing volunteers threw themselves into the RSPCA's Corporate Volunteer Day events at the Yagoona Shelter on 5 August 2016. They helped maintain the RSPCA's animal shelter for a day and found plenty of time to play with the animals.

In July 2016 a team of Bridge Housing volunteers visited Ronald McDonald House, Randwick, and assisted with facility maintenance for the house, and cooked a BBQ lunch for the children and their parents.



Bridge Housing staff volunteering at Poet's Corner Pre school



Bridge Housing staff Ariana Vumbaca (left), Rupika Srinivasan (centre) and friend complete 2016 Bridge Run

Services to our industry

Membership

Bridge Housing plays an active role in the community housing industry as a member of industry organisations including the national Community Housing Industry Association, NSW Federation of Housing Associations, PowerHousing Australia and the Australasian Housing Institute (AHI).

Our CEO, John Nicolades, is the NSW Chair of the Community Housing Industry Association (CHIA), and a member of the CHIA national board. He is also a former chairperson of the NSW Federation of Housing and remains a director.

Rebecca Pinkstone, General Manager Operations, is Chair of the AHI NSW branch. Bridge Housing provides meeting facilities for the NSW branch of the Australasian Housing Institute.



2016 Bridge Run team

Conference presentations

Title	Presenter	Date	Conference/seminar
Rezoning in the age of hyper-gentrification	John Nicolades	August 2016	2nd Annual Affordable Housing, Singapore
A Game Changer Financing social and affordable housing	John Nicolades	November 2016	Affordable Housing in Australia Conference, Melbourne
Institutional funding for social and affordable housing	Mark Turner	November 2016	Affordable Housing in Australia Conference, Melbourne
<u>Hand Up</u> : Lifting tenants out of the debt cycle	Reece Plunkett	December 2016	AHI Innovation in Social Housing professional practice seminar
Renewing Sydney for all	John Nicolades	February 2017	Sydney for All Committee of Sydney Forum on Central Station redevelopment
Safe as Houses panel member	Rebecca Pinkstone	March 2017	International Women's Day event, The Mint, Sydney

Key Facts

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 1,767 to 1,915 properties in 2016-17.

The additional properties came primarily from the completion of developments at Bungarribee, Ashfield and Parramatta. We also secured 27 properties to manage on behalf of the City of Canada Bay Council on a fee-for-service basis as well as a number of new properties from private developers.

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).

Location

Just under 50 per cent of our properties - 878 homes - are located in Inner Sydney and the Eastern Suburbs. Since 2010, we have also increased our presence in Inner and Greater Western Sydney and have 1,136 homes from Balmain to Blacktown.

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 (60 per cent). The second-largest tenant group is sole-parent households (14 per cent). Couples with and without children make up 12 per cent of the tenancies we manage.

Our tenant households are predominantly headed by women (61 per cent). Women's demand for social housing reflects the lower incomes of female-headed households.

The number of people housed

We accommodated 331 new tenants in 2016-17, 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, 44 per cent have been with Bridge Housing for more than five years and 66 per cent for more than two years.

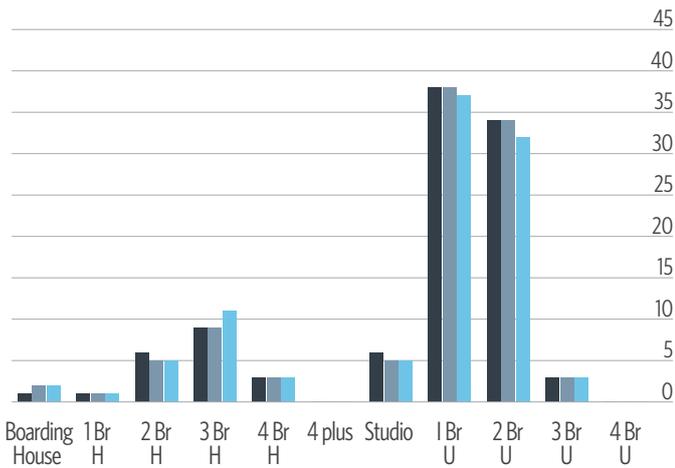


Residents enjoy a BBQ at Wauchope Crescent South Coogee

Property type

Percentage of property by dwelling type and number of bedrooms, 2015-17

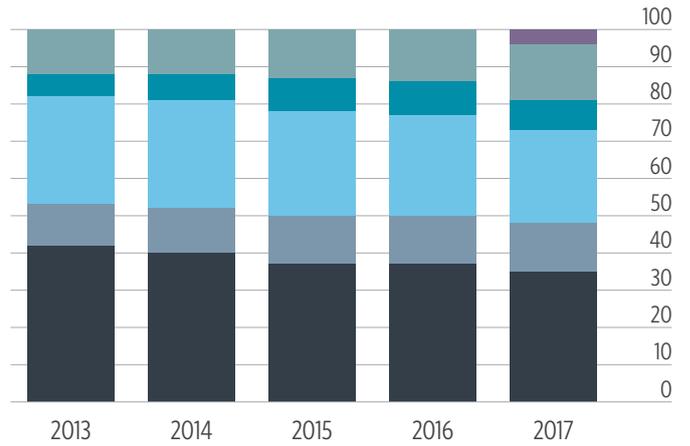
2015 2016 2017



Property location

Percentage of properties by Sydney metropolitan region, 2013-17

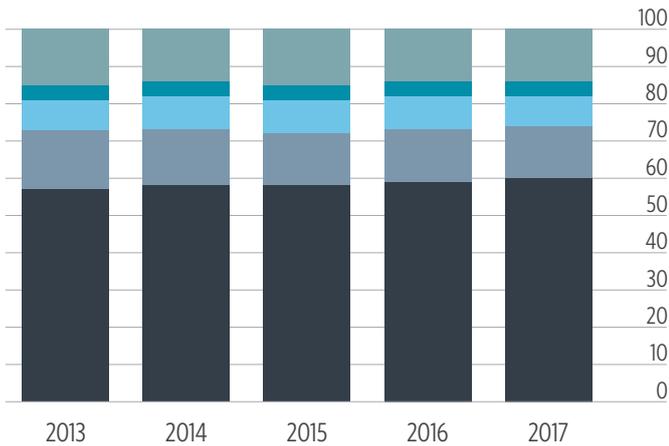
Inner Sydney Inner West Eastern Suburbs
Canterbury-Bankstown Central West West



Household composition

Household type (percentage), 2013-17

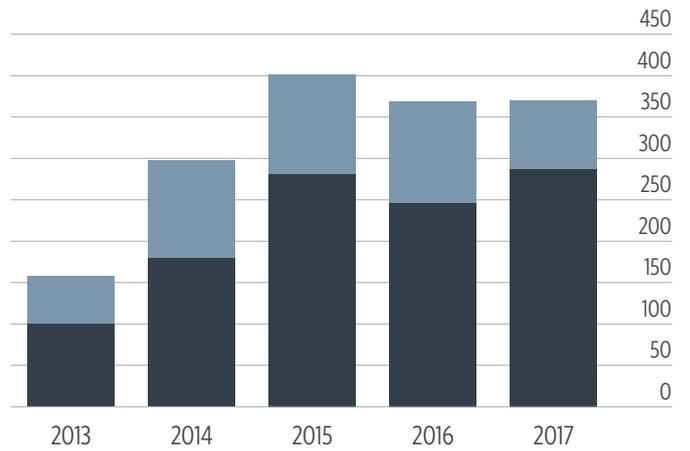
Single Sole parent Couple
Couple w children Other



New tenancies

Number of new tenancies and transfers, 2013-17

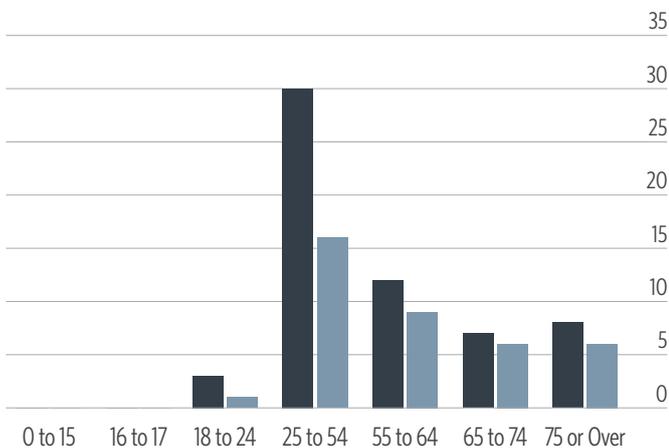
New Tenants Transfers



Gender and age

Head tenant by age and gender (percentage), 2017

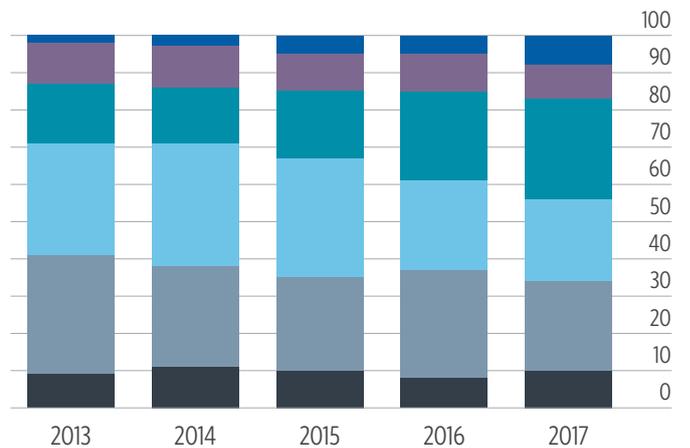
Female Male



Tenancy

Percentage of tenancies by duration in years, 2013-17

<1Y 1 to 2 2 to 5 5 to 10 10 to 15 15+



Key Facts (continued)

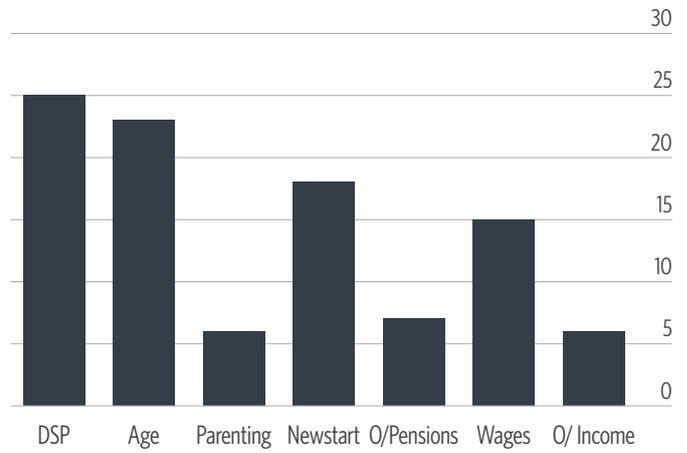
Income

Bridge Housing tenants are predominantly supported by Centrelink (79 per cent). The major categories include: Aged Pensioners (23 per cent), people in receipt of Disability Allowance (25 per cent) and people receiving Newstart (18 per cent). Fifteen per cent of our tenants live on their wages. Of these, approximately half are in our affordable housing program and the other half are social housing tenants who either work full or part time. Their average full time earnings are \$53,000 per annum and part-time earnings at \$24,600. Social housing tenants are low waged workers.³⁶

Language and cultural identification

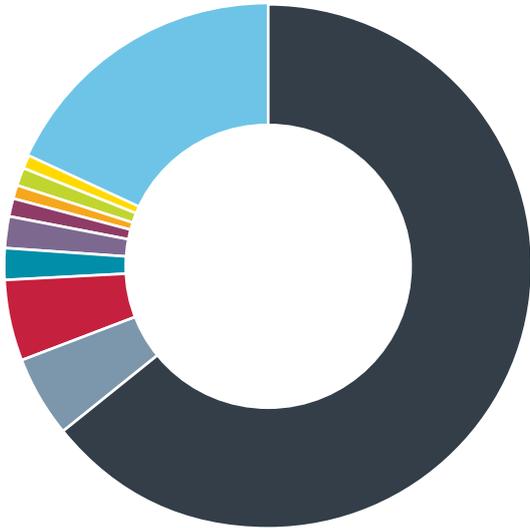
Bridge Housing tenants and applicants are diverse, both culturally and linguistically. They speak more than 50 languages. After English, the major languages represented are Vietnamese, Arabic, Spanish, Russian and Chinese languages, which together account for 15 per cent of all tenants. Seven per cent of tenants are from an Aboriginal or Torres Strait Islander background.

Income
Tenant income source (percentage), 2017



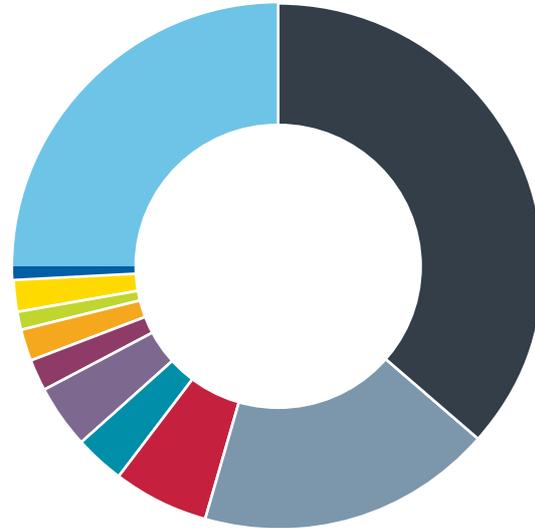
Language
Preferred language (percentage), 2017

- English
- Vietnamese
- Arabic
- Spanish
- Cantonese
- Russian
- Mandarin
- Turkish
- Greek
- Other



Cultural identification
Tenant ethnicity (percentage), 2017

- Australian
- ATSI
- Vietnamese
- Chinese
- Lebanese
- New Zealander
- Sudanese
- British
- Russian
- English
- Other



³⁶ Average weekly earnings in NSW are \$1,500 or \$78,000 per annum. See Australian Bureau of Statistics 6302.0 - Average Weekly Earnings, Australia, May 2017.

Acknowledging Our Support Partners

Thank you

Warmest thanks to our many support partners who help Bridge Housing Limited support our tenants and maintain the tenancies of some of the most vulnerable members of our community.

By working with high-performing support partners across Sydney, we deliver on our Bridging Support: Bridge Housing's Support Partnership Strategy.

Elsewhere in this report we have acknowledged the important role other organisations and individuals have played in Bridge Housing achieving its vision and mission.



Glossary and Abbreviations

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. 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.
Communities Plus	Communities Plus is a new generation of integrated housing developments being delivered in partnership with the private, non-government and community housing sectors and includes sites in metropolitan Sydney and regional NSW. Bridge Housing has tendered for several metropolitan Sydney opportunities.
Community housing	Housing that is managed and sometimes owned by a not-for-profit community organisation.
Future Directions	Future Directions for Social Housing in NSW sets out the NSW Government's vision for social housing over the next 10 years with three strategic priorities: more social housing; more opportunities, support and incentives to avoid and/or leave social housing; and a better social housing experience.
Homelessness	The 2012 Australian Bureau of Statistics (ABS) statistical definition of homelessness is: When a person does not have suitable accommodation alternatives they are considered homeless if their current living arrangement: <ul style="list-style-type: none"> ▲ is in a dwelling that is inadequate; or ▲ has no tenure, or if their initial tenure is short and not extendible; or ▲ does not allow them to have control of, and access to space for social relations. For further information, visit www.homelessnessaustralia.org.au
Housing First	Housing First is an approach that offers permanent, affordable housing as quickly as possible for people experiencing homelessness, and then provides links to the community-based supports people need to keep their housing and avoid returning to homelessness. Bridge Housing piloted Housing First with its Platform 70 program and the model is now integrated into the business.
Housing Pathways	Housing Pathways is a single statewide waiting list, combining the waiting lists of FACS and participating community housing providers. All new applications are logged on the NSW Housing Register (www.housingpathways.nsw.gov.au).
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 invested \$42 billion to stimulate the economy during the global financial crisis in 2008-09. The NSW Government received \$2 billion to deliver 6,000 social housing homes by June 2012 and invested an extra \$1 billion to deliver 3,000 more homes, and \$130 million on maintenance backlog and social housing upgrades. Most 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	The Council was an Australian Government body operating from 2008-2014 to monitor housing demand, supply and affordability in Australia, and to highlight gaps in housing supply and demand.

National Rental Affordability Scheme (NRAS)	An Australian Government scheme from 2008–2014 that provided 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.
Property Transfer Program	A FACS program to transfer the management of public housing estates to community housing providers involving the transfer of 3,000 properties in 2009–10. 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.
Social Housing Management Transfer	The program is a priority NSW Government program to implement the Future Directions strategy for social housing. It involves the management transfer of 20-year leases of 18,000 properties in housing estates in Sydney and regional NSW in 2017–18. Bridge Housing has tendered for the metropolitan Sydney packages.
State Environmental Planning Policy (SEPP)	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. For further information, visit www.planning.nsw.gov.au . The State Environmental Planning Policy (Affordable Rental Housing) 2009 (AHSEPP) was introduced on 31 July 2009 to increase the supply and diversity of affordable rental and social housing in the state. It covers villas, townhouses and apartments that contain an affordable rental housing component, granny flats, new generation boarding houses, group homes, social housing and supportive accommodation.
Sydney Metropolitan Area	This incorporates the new and retained local government areas across the Greater Sydney metropolitan region after the 2016 Council amalgamations and July 2017 NSW Government decision to halt further amalgamations. For more information: https://www.strongercouncils.nsw.gov.au
Vacancy rate	This indicates sufficient turnover of rental properties to accommodate demand from renters, generally acknowledged as 3 per cent of rental properties.

Abbreviations

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

Index

Aboriginal and Torres Strait Islander Tenants Advisory Group (ATTAG)	54, 58, 64, 101	Leasehold program	7, 22, 31, 60, 65, 94
Achievements	4, 18	Maintenance satisfaction survey	21, 64, 66-67
Affordable Housing Program	4, 7, 9, 12, 18, 19, 30, 31, 36, 38, 60-63, 70-74, 96, 98	Managing portfolio growth: See portfolio growth	
Affordable Housing SEPP / SEPP 70 (AHSEPP)	74, 99	Nation Building Economic Stimulus Plan (NBESP)	9, 43, 94, 98
Annual General Meeting (AGM)	54	National Affordable Housing Agreement (NAHA)	34, 99
Arrears	4, 5, 9, 13, 14, 20, 44, 45, 60, 62, 64, 67, 86, 88, 89	National Disability Insurance Scheme (NDIS)	35, 36, 74, 99
Ashfield development	4, 9, 12, 15, 21, 23, 27, 30, 35, 61, 63, 70-73, 75, 86, 94	National Rental Affordability Scheme (NRAS)	22, 23, 32, 79, 86, 99
Australasian Housing Institute (AHI)	5, 15, 60, 72, 93	National Regulatory System for Community Housing (NRSCH)	4, 6, 9, 35, 56, 88, 99
Australasian Reporting Awards	5, 11, 55, 56	New generation boarding house	70, 99
Awards	5, 11, 16, 33, 45, 50, 55, 56, 60, 72, 75, 76	NSW Federation of Housing Associations	15, 26, 64, 66, 93, 99
Building Bridges	4, 9, 13, 54, 55, 58, 60, 61, 64, 67	NSW Government	6, 7, 11, 12, 17, 28, 31, 36-38, 45, 68, 72-75
Bungarribee/Bunya	9, 12, 15, 27, 30, 70-72, 75	Organisational chart	39
Business Plan	2, 3, 6, 18-27, 46, 49, 56, 60, 61-62, 70, 71, 75, 78-80, 84	Outcomes framework: see The Difference We Make	
Commonwealth Rent Assistance (CRA)	7, 36, 98	Parramatta development	4, 6, 9, 12, 14, 16, 18, 19, 21, 23, 29, 30, 32-33, 36-38, 61, 63, 70-72, 74, 75, 86, 94, 98
Community building: See Building Bridges		Places People Want to Live	4, 6, 10, 12, 17-19, 31, 36, 37, 61, 70-75, 98
Community Housing Leasehold Program (CHLP)	7, 22	Planned Maintenance Program	4, 13, 20, 64-65, 80, 81, 91
Compliments, complaints and appeals	12, 64, 66, 67, 81	Portfolio growth	4, 6, 9, 10, 12, 14, 15, 17, 18, 60, 71, 72, 76
Compliance	4, 22, 35, 42, 43, 49, 52, 55, 64, 76, 77, 78, 79, 80, 81, 83	PowerHousing Australia	50, 93
Elger Street, Glebe	9, 67, 70, 73	Program descriptions	6-7
City of Canada Bay	4, 7, 8, 9, 12, 30, 60, 63, 71, 94	Property Transfer Program: See SHMTP	
Communities Plus	4, 6, 10, 12, 17-19, 31, 36, 37, 61, 70-75, 98	Reconciliation Action Plan (RAP)	4, 9, 10, 12, 14, 23, 51, 58, 59, 62, 64
Customer Service	4, 9, 12, 13, 20, 21, 24, 49, 60, 61, 64, 66, 67	Rent review	14, 24, 25, 37, 60, 63-64, 76, 78, 83, 84, 86
Cyclical Maintenance Program: See Planned Maintenance Program		Responsive maintenance	3, 4, 7, 13, 20, 60, 64-66
Design Guidelines	70, 71	Risk management	5, 14, 24, 52, 55, 56, 77, 78, 80-82
Department of Family and Community Services (FACS)	3, 7, 19, 22, 23, 28, 35, 38, 43, 63, 64, 67, 68, 79, 94, 98, 99	Seven Hills	12, 23, 31, 37, 61, 72, 74, 75, 78, 79
Diversity policy	14, 24, 25, 50-51, 53	Social Housing Management Transfer Program (SHMTP)	4, 6, 10, 13, 14, 17, 19, 36, 38, 49, 67, 78
Employee Opinion Survey	5, 15, 46, 48-49	Social media	5, 9, 10, 15, 16, 26, 84
Federal Government	10, 11, 26, 27, 34-35	Staff engagement	5, 6, 15, 24, 47, 48-49, 51, 76, 83, 84, 88, 92
Finance and Corporate Services	14, 39, 43, 48, 55, 56, 60, 76-77, 78-84	Strategic Plan	3, 4, 6, 10, 12, 18, 49, 53, 56, 60, 70, 78, 79, 81
Financial Report	5, 14, 55, 78-84, 86-91	Support partners	2, 3, 12, 20, 21, 36, 44, 45, 51, 58, 62-64, 74, 97
Financial viability measures	89	Sydney Olympic Park Authority (SOPA)	7, 9, 30, 63, 99
Fit For Growth	4, 10, 15, 17-18, 19, 49, 78, 80	Tenant Advisory Group (TAG)	9, 54, 99
Five-year report card	14, 55, 86-91	Tenant Satisfaction Survey	12, 21, 64, 66-67
Future Directions	6, 11-14, 17, 36-38, 55, 68, 72, 73, 98, 99	The Difference We Make	10, 13, 15, 23, 55, 62, 66-69, 85
Governance principles	11, 22, 52-54	Total Rewards Program	46, 48, 50, 84
Hand Up	4, 9, 10, 13, 20, 21, 44-45, 60, 62-64, 67, 93	Vested properties	6, 7, 70, 73, 90, 94, 98
Highlights	4-5, 15, 60, 70, 78	Voids and vacancies	4, 5, 14, 60, 62, 86, 88-89
Housing Pathways	63, 98	Waverley Council	7, 9, 12, 18, 30, 63, 70, 71, 74
Internal audit	14, 22, 23, 55, 56, 65, 76-80	Work Health and Safety	15, 24, 66, 76, 78, 79, 83
Land and Housing Corporation (LAHC)	3, 4, 12, 18, 31, 37, 43, 64, 70, 72, 73, 75, 99		



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