

HOUSING REGISTRAR

SECTOR PERFORMANCE REPORT **2018-19**



The Housing Registrar

Our vision

A community housing sector that provides access to safe, secure and affordable housing solutions to Victorians in need.

Our purpose

To contribute to the development, growth and continual improvement of the Victorian community housing sector through proactive, risk-based, and outcomes-focused regulation.

Our priorities

- Organisational excellence
- Better regulation
- Strong partnerships and engagement

Contents

The Housing Registrar	1
Our vision	1
Our purpose	1
Our priorities	1
Message from the Registrar	2
Overview of Victorian Regulatory Framework	3

The registered sector as at 30 June 2019	9
Snapshot of the sector	10
Profile of tenancies	11
Financial performance	13
Summary financial statements	18
Service delivery	20
Appendix	29

Message from the Registrar

I am pleased to present the 2018-19 *Housing Registrar Sector Performance Report*. This is the 12th annual report and the second in the new streamlined format published by the Housing Registrar.

This Sector Performance Report focuses on providing detailed analysis of sector performance including financial and non-financial data for the financial year ended 30 June 2019.

The annual compliance assessment outcomes for 2018-19 indicate that the sector performed well overall. Of the 39 registered agencies, 38 were assessed as meeting all Performance Standards, an improvement from 36 in 2017-18. The number of registered agencies assessed as meeting the Housing Registrar's reporting requirements significantly increased from 19 in 2017-18 to 34 in 2018-19. This result was due to more agencies complying with the regulatory reporting timeframes.

For the first time in Victoria, the Housing Registrar published outcomes of annual compliance assessments on the register of housing agencies which contains public information on all registered agencies. This public reporting is in accordance with a Ministerial direction from the Assistant Treasurer under Section 80 of the *Housing Act 1983* (Vic).

In 2018-19, the Housing Registrar worked closely with the sector to ensure all registered agencies' tenancy management and rent setting policies were published online in compliance with the *agency publication of online policies*. The Housing Registrar is committed to continuous improvement with an emphasis on greater transparency and reducing regulatory red tape.

I would like to thank the Department of Health and Human Services (DHHS), Community Housing Industry Association Victoria (CHIA Vic) and registered housing agencies for their close engagement and strong commitment to delivering and growing community housing that supports vulnerable Victorians.

Lastly, I would like to acknowledge that registered agencies are now facing unprecedented new challenges arising from the coronavirus pandemic. I am pleased to say that the sector has responded with agility and professionalism to these challenges, implementing a range of precautionary and innovative measures to minimise the impacts to their businesses and to ensure welfare of tenants.

We look forward to continuing to work closely with the sector and our stakeholders to produce positive outcomes for community housing in Victoria.

Yours sincerely
Bernard Gastin

Overview of Victorian Regulatory Framework

The Victorian system of regulation was introduced in January 2005, with the enactment of Part VIII of the *Housing Act 1983* (Vic) (the Housing Act). The Assistant Treasurer has portfolio responsibility for Part VIII of the Housing Act, which establishes the Registrar to register and regulate rental housing agencies in Victoria. The Housing Registrar is the administrative office that supports the Registrar in delivering the functions and exercising powers under the Housing Act.

The purpose of the Housing Registrar is to contribute to the development, growth and continual improvement of the community housing sector (the sector) through proactive, risk-based and outcomes-focused regulation. This approach is intended to translate into positive outcomes for the sector and vulnerable Victorians (the tenants and prospective tenants of the sector).

The regulatory approach is aligned to five principles of good regulation:

- **Transparency** – clear explanations of decisions and actions taken, supported by regulations that are open, simple and user-friendly;
- **Accountability** – all decisions are justified by data and evidence, subject to public scrutiny where appropriate;
- **Proportionality** – monitoring appropriate to the risks facing an individual registered agency, intervening only when necessary with impacts and costs identified and minimised;
- **Consistency** – judgements and actions applied in a predictable way, compatible with other government regulations, standards, contractual and program arrangements; and
- **Targeting** – focused engagement on specific areas of concern with individual agencies.



The regulation of the sector aims to ensure that registered agencies:

- are well-managed, well-governed and financially viable;
- have the capacity to responsibly manage government funding and assets;
- provide investors with the confidence to invest in the sector to promote growth; and
- ensure quality and continuous improvement in service delivery and outcomes for tenants.

The regulatory framework consists primarily of the Housing Act, gazetted performance standards and intervention guidelines.

As of May 2020, all states and territories, except Victoria and Western Australia, have adopted the National Regulatory System for Community Housing (NRSCH) through the passage of National Law legislation in their respective parliaments. Victoria continues to closely align processes where possible to the NRSCH to reduce the burden on providers operating in multiple jurisdictions.

Annual compliance assessments

This Sector Performance Report is primarily based on the data collected from the Registrar's annual reporting requirements. The annual reporting requirements includes:

1. August reporting comprising three reports:
 - (i) results against Key Performance Measures (KPMs);
 - (ii) self-assessment of achievements against the previous year's business plan; and
 - (iii) annual business plan.
2. 28 days after the Annual General Meeting (AGM) reporting comprising four reports:
 - (i) self-assessment of performance against Performance Standards;
 - (ii) annual audited accounts;
 - (iii) financial performance report; and
 - (iv) declarations.

Annual compliance assessments (ACA) are one of the major responsibilities of the Housing Registrar in the regulatory calendar. During the ACA, registered agencies must demonstrate the following:

- compliance with Performance Standards;
- compliance with legislative and regulatory requirements; and
- achievement and continuous improvement, in particular against Key Performance Measures (KPMs) and other measures contained in the registered agency’s annual business plan.

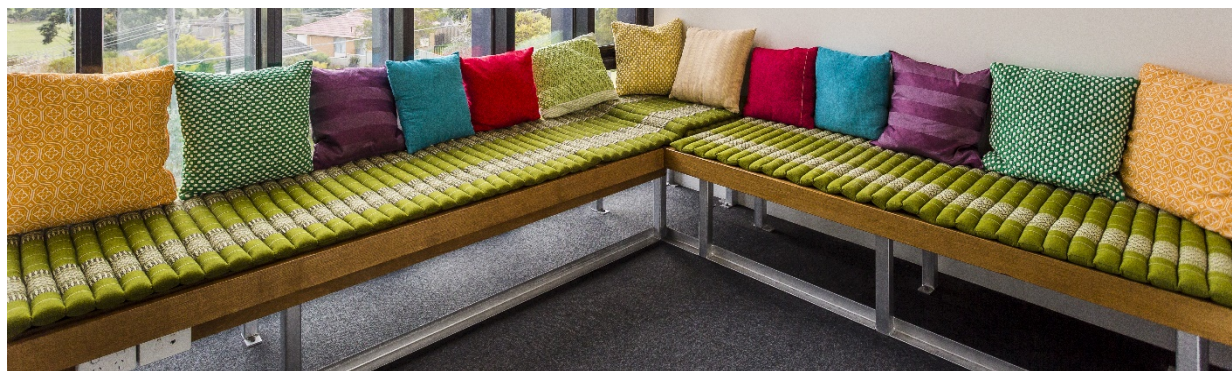
The possible compliance outcomes are outlined below:

Performance Standards	Housing Registrar reporting requirements	Continuous improvement
Met	Compliant	Demonstrated
Capacity to meet	Not compliant	Not demonstrated
Not met		

The compliance outcomes are determined by assessment of evidence collected during the ACA and other legislative requirements throughout the year.

Regulatory Engagement Tool

The Regulatory Engagement Tool (RET) is a risk profiling tool that guides the frequency and scope of regulatory engagement throughout the year. The Registrar reassesses the risk rating of a registered agency during the annual compliance assessment process. The assessed category of risk is presented in the registered agency’s annual compliance assessment report and the related engagement frequency is based on the rating from the RET.



Regulatory action items

The Housing Registrar's regular engagement with registered agencies and risk-based approach ensures that most regulatory risks and non-compliance matters are cooperatively addressed. Where any room for improvement is noted during the ACA, a regulatory plan action item is included in the annual compliance report provided to a registered agency. The item includes a due date for the action to be completed, which is agreed with the registered agency. The registered agency must provide evidence that the action item has been completed to the Housing Registrar.

Escalation and intervention

The Registrar has a range of intervention and investigatory powers in addition to a complaints function. If compliance issues are identified and a registered agency does not voluntarily rectify the issue or is unable to satisfactorily complete the regulatory action item, the Registrar may consider intervention in accordance with the Intervention Guidelines using intervention powers contained in the Housing Act.

Types of formal intervention include:

- 1 recommendations for appointments to the governing body; and/or
- 2 instructions to a registered agency.

Formal intervention powers are provided to ensure that Performance Standards are maintained at an effective level.

Achievement of this purpose also helps to ensure that the viability of the affordable housing market is maintained, the reputation of the sector is protected, and publicly-funded assets are preserved for the purpose for which they are acquired.

Intervention actions taken after 1 July 2019 will be published on the register of housing agencies¹.

Publication of registered agency compliance outcomes

The publication of registered agencies compliance outcomes is consistent with a direction by the Assistant Treasurer, as the portfolio minister for community housing regulation, under section 80 of the Housing Act. Further, these changes are also driven by the Housing Registrar's ongoing efforts for cost-effective alignment with the NRSCH.

¹ <https://chimes.force.com/publicregistrar>

From 1 July 2019, the Housing Registrar introduced public reporting of:

- (a) formal intervention by the Registrar under the Housing Act and Intervention Guidelines on or after 1 July 2019. This will include any binding instructions on a registered agency; and
- (b) outcomes of annual compliance assessments for the performance year 2018-19 onwards.

Accordingly, the Housing Registrar published outcomes of annual compliance assessments for the financial year 2018-19 on its website². The information published includes each registered agency's annual compliance assessment against each of the seven Performance Standards accompanied by an executive summary (noting that regulatory action items will not be publicly reported).

The executive summary provides information about the registered agency in the performance year, focusing on development activity, changes in organisational structure and services delivery and other related information.

Public reporting is driven by the Housing Registrar's commitment to increasing transparency in the management, delivery and regulation of the community housing sector in Victoria. Increased transparency of regulatory outcomes is intended to:

- promote market confidence in the sector to facilitate growth (through both private sector and government investment and funding);
- empower and protect tenants by providing more visibility over a registered agency's compliance history;
- improve the capability of the sector through the availability of sector-wide compliance data to enable agencies to compare their compliance history with similar-sized agencies; and
- promote the accountable use of government investment in the sector.

Publication will be prospective only and a registered agency's prior compliance history will not be published.

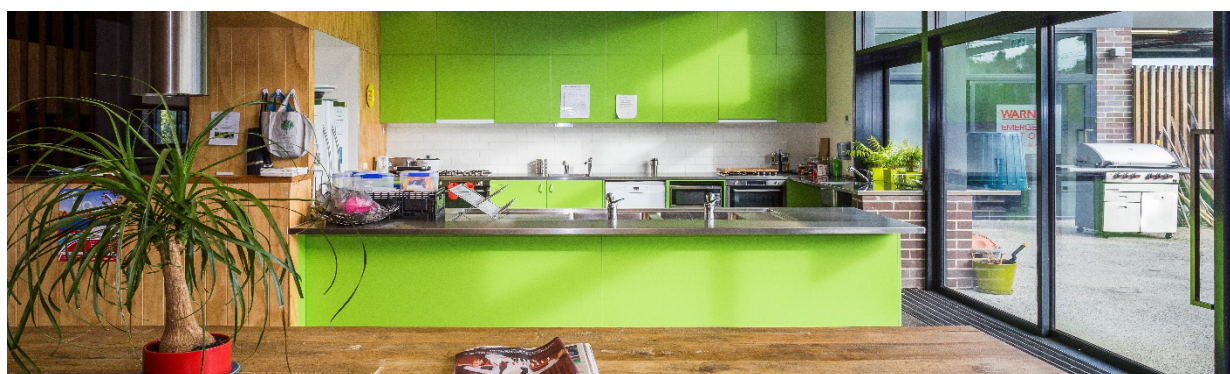
² <https://chimes.force.com/publicregistrar>

Annual compliance assessment outcomes 2018-19

Table 1 below provides an overview of the outcomes of the Housing Registrar's annual compliance assessments over the past three years.

Table 1: Outcomes of compliance assessments over the past three years

	2016-17	2017-18	2018-19
Number of annual compliance assessments conducted	39	39	39
Number of registered agencies assessed as meeting all Performance Standards	35	36	38
Number of registered agencies assessed as meeting Housing Registrar reporting requirements	27	19	34
Number of registered agencies assessed as demonstrating continuous improvements	39	39	39
Number of Performance Standards with assessment outcome of 'Capacity to meet'	6	4	3
Number of Performance Standards with assessment outcome of 'Does not meet'	0	2	0



The registered sector as at 30 June 2019

Housing associations

Aboriginal Housing Victoria Limited	HousingFirst Ltd
Common Equity Housing Ltd	Rural Housing Network Ltd (trading as Beyond Housing)
Community Housing (Vic) Ltd	Wintringham Housing Ltd
Housing Choices Australia Ltd	Women's Housing Ltd ¹
Loddon Mallee Housing Services Ltd (trading as Haven; Home, Safe)	Unison Housing Ltd ²

Housing providers

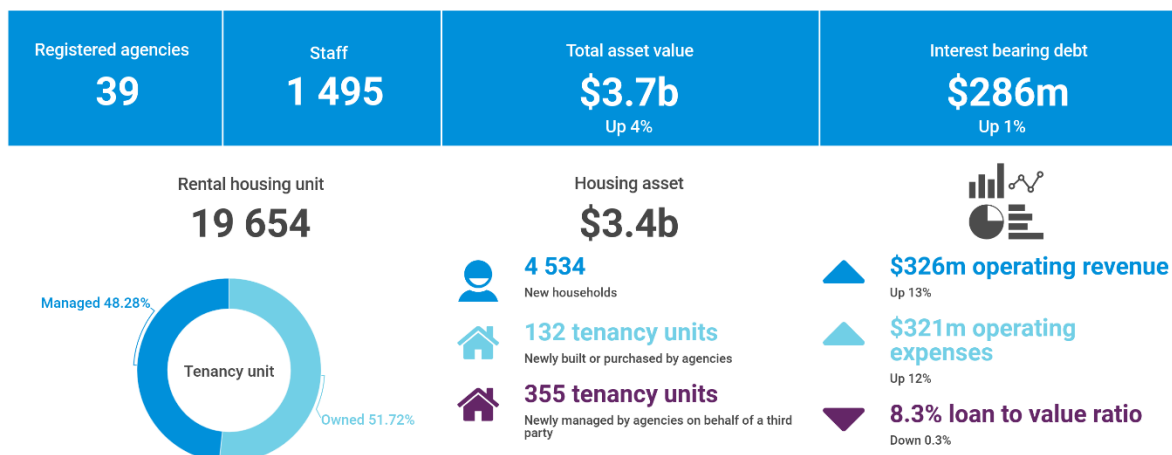
Active Community Housing Ltd ³	South Port Community Housing Group Inc
Baptcare Affordable Housing Ltd	SouthEast Housing Co-operative Ltd
BAYSA Ltd (trading as Barwon Youth)	St Kilda Community Housing Ltd
Centacare Housing Services Ltd	Sunshine/St Albans Rental Housing Co-operative Ltd
EACH Housing Ltd	The Haven Foundation Ltd
Eastcoast Housing	United Housing Co-operative Ltd
Eastern Suburbs Rental Housing Co-operative Ltd	Uniting Housing (Victoria) Ltd (trading as Uniting Housing)
Inner East Social Housing Group Ltd	Women's Property Initiatives Ltd
Launch Housing Ltd	VincentCare Community Housing
Mallee Accommodation and Support Program Ltd	WAYSS Ltd
Mission Australia Housing (Victoria)	West Turk Housing and Elderly Services Co-operative Ltd
Northcote Rental Housing Co-operative Ltd	Williamstown Rental Housing Co-operative Ltd
Northern Geelong Rental Housing Co-operative Ltd	YWCA Housing
Prahran/Malvern Community Housing Inc	
Salvation Army Housing (Victoria)	
Servants Community Housing Ltd	

1. Women's Housing Ltd upgraded the registration category from housing provider to housing association on 1 July 2018.
2. Urban Communities Ltd deregistered in February 2019 following the merger with Yarra Community Housing to form Unison Housing Ltd in 2017.
3. Active Community Housing Ltd (Active) merged with Loddon Mallee Housing Services Ltd on 1 July 2018 – Active intends to deregister during 2019-20.

In 2018-19, the Housing Registrar received two enquiries for registration.

Snapshot of the sector

2018-19



Housing stock

The Victorian Housing Register and transfer list³ as at December 2019, shows over 50 000 people are waiting to move and transfer to a social housing property. The registered housing sector is working in partnership with the Government and private sector to meet housing need into the future, and to deliver better housing outcomes for Victorians in need.

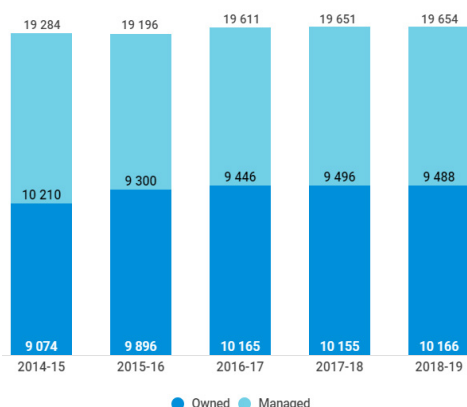
At 30 June 2019, the registered sector had 19 654 tenancy (rental) units under management, of which housing associations managed 72 per cent and housing providers 28 per cent. The overall growth was minimal, predominately driven by tenancy units under management.

On 30 June 2019, the registered sector owned 10 166 properties in total with a carrying value of \$3.4 billion (further details of total housing assets owned by the sector is available on page 13). The number of tenancy units owned by the registered sector as at 30 June 2019 was marginally higher compared to 10 155 properties as at 30 June 2018. The marginal growth in the number of properties owned by the sector is mainly due to newly built or purchases which were partially offset by disposal of old housing assets that become uneconomical to maintain in accordance with the agencies' asset recycling policies.

³ <https://www.housing.vic.gov.au/victorian-housing-register>

Housing associations owned the majority of their housing stock at 68 per cent. In contrast, housing providers managed 90 per cent of their stock on behalf of the DoH or other third parties.

Owned and managed tenancies



The operating environment in which registered agencies work is complex. In particular, registered agencies interact with Commonwealth, State and local government and need to be aware of changes and new initiatives at each level.

Considering government funding initiatives such as the Social Housing Growth Fund under the *Homes for Victorians*⁴ initiative and introduction of National Housing Finance and Investment Cooperation,⁵ it is expected that the number of properties owned and managed by the sector will continue to increase in 2019-20 and beyond.

Profile of tenancies

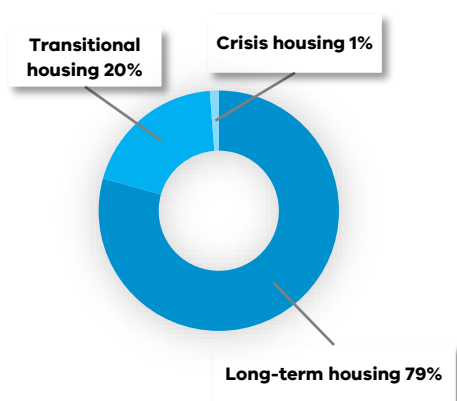
As at 30 June 2019, the sector provided long term and transitional housing to 18 334 tenants, marginally higher than the 18 188 tenants at 30 June 2018. 82 per cent of housing stock at year end pertained to long-term properties, which accounted for the larger proportion of housing stock of both housing associations (89 per cent) and housing providers (61 per cent). Housing associations housed the majority of long-term housing tenants (81 per cent) and housing providers housed more transitional housing tenants (56 per cent). Overall, the profile of tenancies remained very similar to 2017-18 and relatively stable with consistent levels of tenancies, vacancies and exits.

⁴ housing.vic.gov.au/homes-victorians

⁵ nhfic.gov.au/

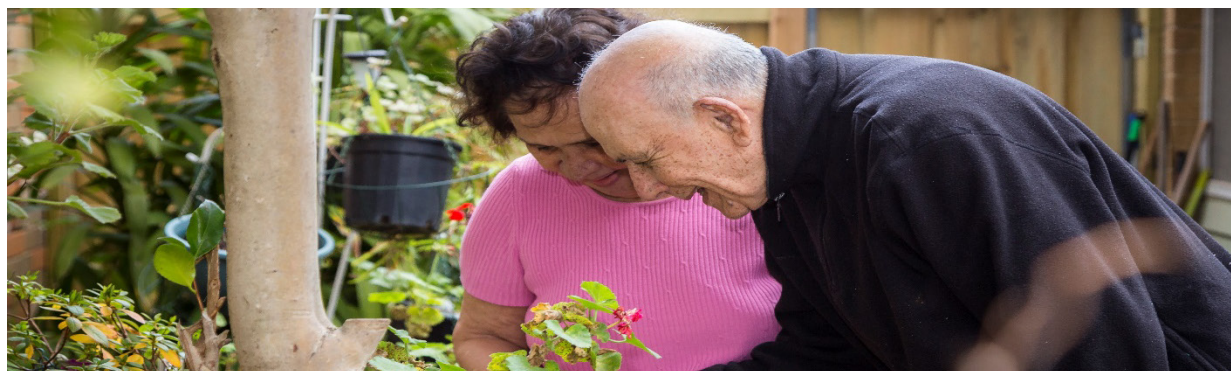
Tenancy units by housing program

In 2018-19 the profile of housing stock by program remained similar to 2017-18.



Profile of tenancies

	Housing associations	Housing providers	Total sector
Long-term housing (including rooming houses)			
Tenancies at 1 July 2018	11 987	2 839	14 826
Exits	1 350	576	1 926
Vacancies	1 815	728	2 543
New tenancies (excluding transfers)	1 379	631	2 010
Tenancies as at 30 June 2019	12 034	2 915	14 949
Transitional housing			
Tenancies at 1 July 2018	1 539	1 800	3 339
Exits	979	1 499	2 478
Vacancies	1 131	1 439	2 570
Tenancies as at 30 June 2019	1 483	1 902	3 385



Financial performance

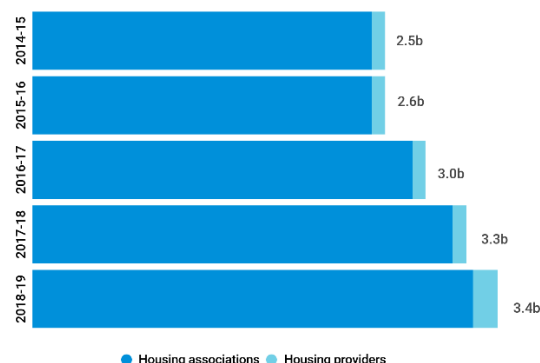
Under the Financial Viability Performance Standard, the Registrar requires registered agencies to maintain financial viability by effectively managing the financial risk exposure, maintaining satisfactory financial performance and a viable capital structure. In summary, the Registrar requires registered agencies to maintain satisfactory:

- liquidity by meeting short-term commitments as they fall due;
- capital structure by monitoring and managing its financial position to achieve its business goals with optimal levels of external borrowings; and
- policies and procedures to manage its financial risk exposure to protect its financial interests and the interests of investors.

Total value of housing assets

As at 30 June 2019, the registered sector owned 10 166 properties in total. During 2018-19, the total value of housing assets of the registered sector increased by 4 per cent to \$3.4 billion. This result was driven by asset increment from development activities and asset revaluations. Total value of housing assets of housing associations grew by 3 per cent to \$3.2 billion from 2017-18, contributing more than 70 per cent of the aggregate growth.

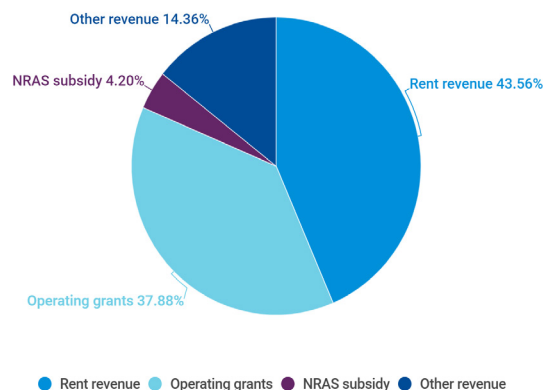
Value of housing assets



Operating revenue and expenses

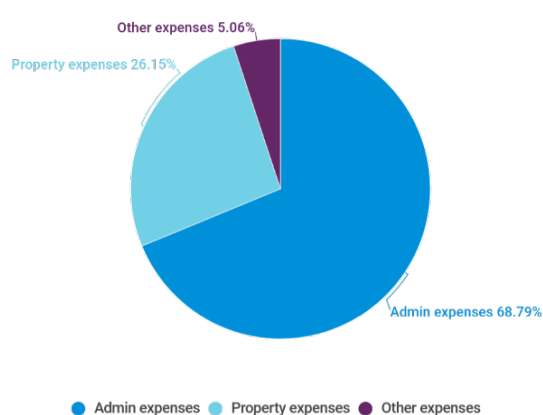
Rental revenue of the sector increased to \$142 million (of which \$113.8 million is attributable to housing associations) compared to \$137.8 million the previous year. Operating revenue of the sector increased by 13 per cent to \$326 million during 2018-19, predominately driven by increases in operating grants and proceeds from disposal of assets.

Operating revenue composition



Operating expenses (excluding interest expenses and depreciation) increased by 12 per cent to \$278 million in 2018-19, with administration expenses being the largest component (69 per cent). Administration expenses consist of direct administrative expenses, operating expenses, and corporate overheads to support business operation.

Operating expenses composition

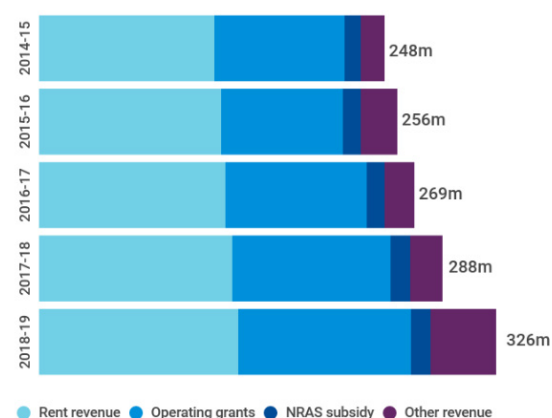


Accordingly, operating EBITDA (earnings before interest, tax, depreciation and amortisation) of the sector increased to \$48 million during 2018-19 compared to \$38.3 million in 2017-18. Similarly, EBITDA margin saw an increase from 13.3 per cent in 2017-18 to 14.6 per cent in 2018-19.

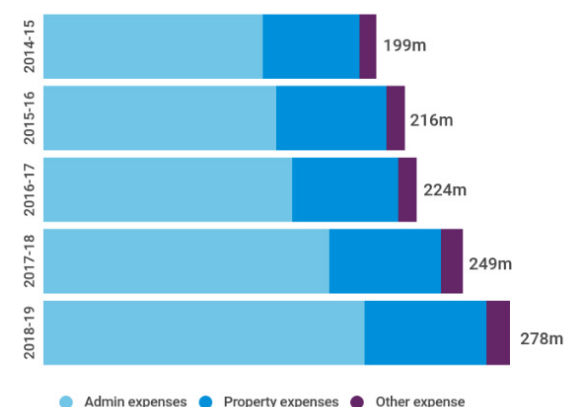
EBITDA margin

Prudential measures	Housing associations			Housing providers			Sector		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
EBITDA margin (%)	22.1	17.8	18.5	8.3	7.0	9.0	16.7	13.3	14.6

Total operating revenues



Total operating expenses

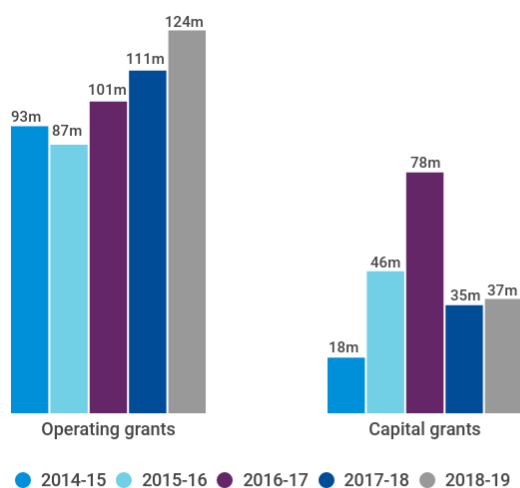


Grant funding

During 2018-19, the sector received \$37 million in capital grants for development of housing assets. This result is marginally higher than the 2017-18 result of \$35 million.

In 2018-19, operating grants received also increased moderately to \$124 million from \$111 million at the end of 2017-18.

Operating and capital grants

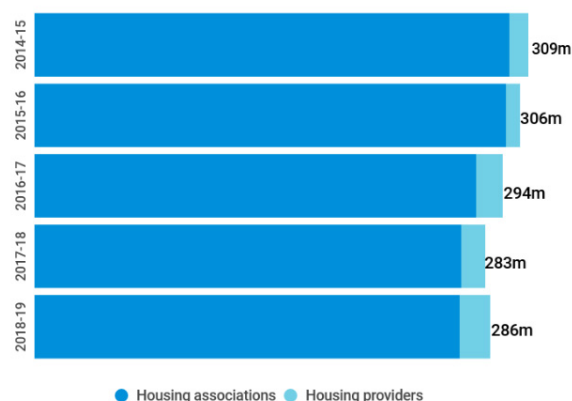


Interest-bearing debt

The overall interest-bearing debt of the sector was \$286 million as at 30 June 2019. Housing associations' debt marginally declined to \$267 million while housing providers' debt increased by \$4 million to \$19 million.

The interest cover ratio indicates the extent the operating earnings is able to cover interest expenses. Despite the higher level of interest-bearing debt, the interest cover ratio increased from 2.9 times to 3.5 times due to higher operating EBITDA. The strong interest cover ratio of the sector demonstrates the sector's ability to meet its interest repayment obligations.

Interest-bearing debt



Debt-based financial indicators

Prudential measures	Housing associations			Housing providers			Sector		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
Interest cover (based on Op. EBITDA)	2.7	2.4	2.8	17.6	16.8	17.0	3.2	2.9	3.5
Debt to housing assets (%)	9.8	8.5	8.2	12.2	10.5	10.6	9.9	8.6	8.3

Liquidity

Liquidity is measured by the working capital ratio.⁶ The ratio reflects the relative proportion of the sector's current assets to its current liabilities and is intended to show the ability to pay its current liabilities with its current assets. As at 30 June 2019, the average working capital ratio of 1.3 times demonstrates that the sector had enough current assets to meet its short-term financial obligations.

The average working capital ratio for housing associations was 1.0 times as at 30 June 2019, moderately decreasing compared to 1.6 times in 2017-18. The decline was mainly driven by reclassification of maturing loan facilities as a current liability for two housing associations. Subsequently, the liquidity risks for these housing associations have been mitigated by securing new debt facilities. One housing association refinanced its debt with National Housing Finance and Investment Corporation while the other housing association successfully negotiated rolling over its existing loan facility.

Working capital ratio

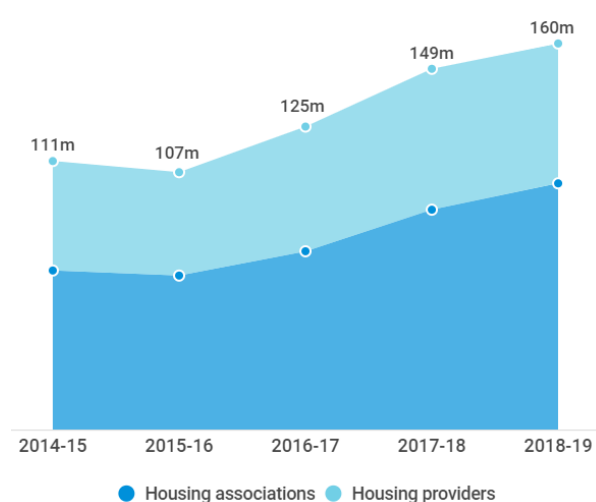
Prudential measures	Housing associations			Housing providers			Sector		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
Working capital ratio*	1.3	1.6	1.0	2.3	2.4	2.3	1.6	1.9	1.3

* Excludes capital grants received in advance.

Cash and short-term investments

As at 30 June 2019, total cash and short-term investments of the sector increased by 7 per cent to \$160 million. This is attributable to the \$42 million operating cash flow generated by the sector to achieve business goals during the year and reserved to support future capital investments in community housing. Overall, the sector continued to accumulate cash and short-term investments in the past five years.

Total cash and short-term investments



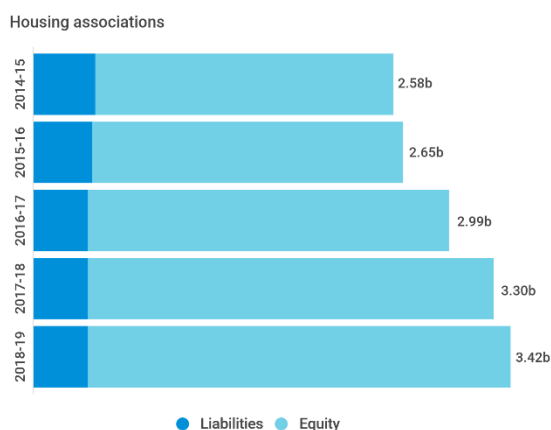
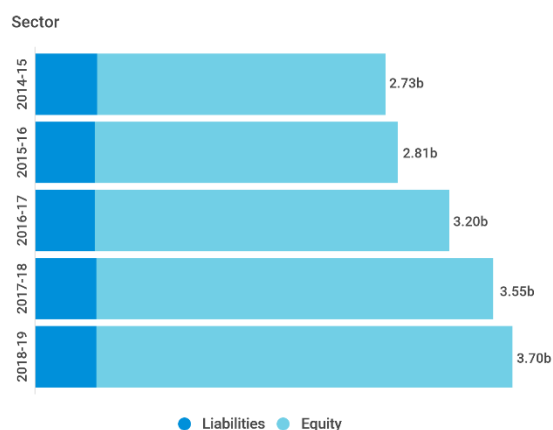
⁶ Working capital ratio is calculated as current assets divided by current liabilities (excluding capital grants received in advance)

Capital structure

Total assets of the sector increased by 4 per cent to \$3.7 billion by 30 June 2019. In 2018-19, equity continued to represent a major portion of total assets as earnings accumulated over a number of years, while liabilities remained stable. The capital structure illustrated below highlights the equity position for the past five years.

Increased equity saw the average gearing ratio⁷ reduced from 9.2 per cent in June 2018 to 8.9 per cent in June 2019. Cash cost of capital⁸ remained the same as 2017-18 at 0.4 per cent.

Capital structure



Capital structure financial indicators

Prudential measures	Housing associations			Housing providers			Sector		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
Gearing ratio (%)	10.7	9.2	8.8	10.6	9.0	9.6	10.7	9.2	8.9
Cash cost of capital (%)	0.5	0.4	0.4	0.3	0.2	0.3	0.5	0.4	0.4

⁷ Gearing ratio measures the proportion of a registered agency's debt to its equity.

⁸ Cash cost of capital represents the cost of funding and is calculated as interest expense over average assets.

Summary financial statements

Income statement summary

Income statement (in \$millions)	Housing associations					Housing providers					Sector				
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Rent revenue	102.5	107.3	108.9	111.0	113.18	22.6	23.1	24.4	26.8	28.2	125.1	130.4	133.3	137.8	142.0
Operating grants	26.1	23.8	30.8	33.6	36.3	67.0	63.4	70.6	77.4	87.2	93.1	87.2	101.4	111.0	123.5
National Rental Affordability Scheme subsidy	12.0	12.9	12.9	13.5	13.6	0.1	0.1	0.1	0.1	0.1	12.1	13.0	13.0	13.6	13.7
Other revenue	7.0	16.3	10.2	9.5	29.7	10.3	9.4	10.7	15.7	17.1	17.3	25.7	20.9	25.2	46.8
Total operating revenue	147.6	160.3	162.8	167.6	193.4	100.0	96.0	105.8	120.0	132.6	247.6	256.3	268.6	287.6	326.0
Admin expenses	58.6	70.1	73.0	79.0	95.8	72.8	68.8	76.3	89.2	95.7	131.4	138.9	149.3	168.2	191.5
Property expenses	41.5	49.7	46.0	49.8	51.6	16.3	16.2	17.3	18.7	21.2	57.8	65.9	63.3	68.5	72.8
Depreciation	13.7	7.8	15.2	20.0	24.9	3.4	2.9	3.1	3.8	4.0	17.1	10.7	18.3	23.8	28.9
Finance costs	17.0	13.4	13.4	12.7	12.9	0.8	0.7	0.5	0.5	0.7	17.8	14.1	13.9	13.2	13.6
Other expense	7.7	7.8	7.8	8.9	10.3	2.4	3.4	3.4	3.7	3.8	10.1	11.2	11.2	12.6	14.1
Total operating expense	138.5	148.8	155.4	170.4	195.5	95.7	92.0	100.6	115.9	125.4	234.2	240.8	256.0	286.3	320.9
Net operating surplus	9.1	11.5	7.4	- 2.8	- 2.1	4.3	4.0	5.2	4.1	7.2	13.4	15.5	12.6	1.3	5.1
Capital grants	16.5	39.9	55.3	27.7	29.8	1.9	5.6	22.5	7.2	7.0	18.4	45.5	77.8	34.9	36.8
Other one-time items	65.4	28.1	298.7	297.2	91.3	1.0	1.7	1.4	2.8	10.7	66.4	29.8	300.1	300.0	102.0
Net surplus	91.0	79.5	361.4	322.1	119.0	7.2	11.3	29.1	14.1	24.9	98.2	90.8	390.5	336.2	143.9

Balance sheet summary

Balance sheet (in \$millions)	Housing associations					Housing providers					Sector				
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Cash and short-term investments	65.7	63.6	73.5	91.0	101.9	45.1	42.9	51.9	58.1	57.6	110.8	106.5	125.4	149.1	159.5
Other current assets	26.7	42.9	28.3	26.6	30.8	4.2	4.3	7.5	10.5	12.2	30.9	47.2	35.8	37.1	43.0
Current assets	92.4	106.5	101.8	117.6	132.7	49.3	47.2	59.4	68.6	69.8	141.7	153.7	161.2	186.2	202.5
Housing assets	2 453.8	2 501.6	2 842.9	3 145.0	3 248.7	86.0	96.2	136.1	146.3	182.7	2 539.8	2 597.8	2 979.0	3 291.3	3 431.4
Other non-current assets	31.6	43.4	40.4	41.6	40.6	16.2	19.8	23.7	27.7	26.5	47.8	63.2	64.1	69.3	67.1
Non-current assets	2 485.4	2 545.0	2 883.3	3 186.6	3 289.3	102.2	116.0	159.8	174.0	209.2	2 587.6	2 661.0	3 043.1	3 360.6	3 498.5
Total assets	2 577.8	2 651.5	2 985.1	3 304.2	3 422.0	151.5	163.2	219.2	242.6	279.0	2 729.3	2 814.7	3 204.3	3 546.8	3 701.0
Interest bearing loan liabilities	2.7	5.8	35.1	28.2	80.6	0.4	0.4	1.1	0.6	0.7	3.1	6.2	36.2	28.8	81.3
Other current liabilities	91.8	63.9	62.6	53.9	59.0	21.1	20.1	31.0	38.3	40.2	112.9	84.0	93.6	92.2	99.2
Current liabilities	94.5	69.7	97.7	82.1	139.6	21.5	20.5	32.1	38.9	40.9	116.0	90.2	129.8	121.0	180.5
Interest bearing loan liabilities	294.8	290.5	242.2	239.9	186.2	11.4	9.0	15.5	14.7	18.6	306.2	299.5	257.7	254.6	204.8
Other non-current liabilities	53.0	63.0	54.6	70.8	66.0	4.8	7.3	15.7	18.9	18.6	57.8	70.3	70.3	89.7	84.6
Non-current liabilities	347.8	353.5	296.8	310.7	252.2	16.2	16.3	31.2	33.6	37.2	364.0	369.8	328.0	344.3	289.4
Total liabilities	442.3	423.2	394.5	392.8	391.8	37.7	36.8	63.3	72.5	78.1	480.0	460.0	457.8	465.3	469.9
Net assets	2 135.5	2 228.3	2 590.6	2 911.4	3 030.2	113.8	126.4	155.9	170.1	200.9	2 249.3	2 354.7	2 746.5	3,081.5	3,231.1
Reserves	122.2	687.5	706.8	763.7	754.8	22.2	31.1	42.3	48.3	86.5	144.4	718.6	749.1	812.0	841.3
Earnings	2 013.5	1 540.7	1 884.0	2 147.5	2 275.4	91.3	95.4	113.7	121.8	114.5	2 104.8	1 636.1	1 997.7	2,269.3	2,389.9
Total equity	2 135.7	2 228.2	2 590.8	2 911.2	3 030.2	113.5	126.5	156.0	170.1	201.0	2 249.2	2 354.7	2 746.8	3081.3	3231.2

Service delivery

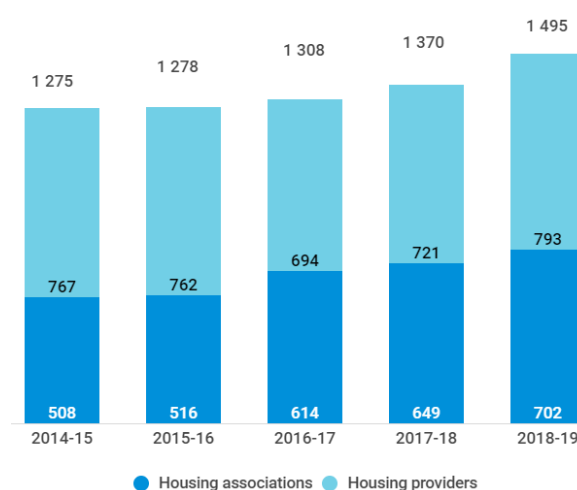
The service delivery section presents the aggregated results of 2018-19 key performance measures (KPMs) data reported by the registered agencies. The KPMs play an important role in monitoring the ongoing compliance and performance of registered agencies against Performance Standards. Results reported in the collection provide a base for identifying trends both in individual registered agencies and across the sector as a whole.⁹

Staffing

The total number of staff employed by the sector has increased by approximately 9 per cent since last year. The diagram shows the growth in staff numbers over the past five years. The increase reflects the overall expansion in the housing portfolio in the long term as well as increased emphasis on support services provided by the sector.

Staff turnover across the sector averaged 19 per cent, which declined from 26 per cent in 2017-18. Registered agencies that returned high staff turnover generally have a small number of employees where a small change in staff numbers can have a more profound impact on the staff turnover percentages.

Staffing



Staff turnover

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Staff turnover	17.68	18.16	23.83	26.76	15.35	18.82	21.18	23.02	25.60	18.97

⁹ A complete list of the KPMs is available on page 30.

Turnaround time

Results reported for turnaround time by the individual registered agencies varied across the sector. The vacant tenable (VT)¹⁰ turnaround time measures total number of days all tenancy units were vacant tenable during the year averaged across the total number of vacancies during the year. The vacant untenable (VUT)¹¹ turnaround time measures total number of days all long term housing tenancy units were vacant untenable during the year averaged across the total number of long term housing vacancies during the year. Average VT turnaround time of housing stock was 19 days, marginally higher than the result of 17.1 days in 2017-18. Average VUT turnaround time was 33.3 days, which marginally increased compared to the result in 2017-18.

Housing associations recorded an average VT turnaround time of 21 days and VUT turnaround time of 36.4 days. Both results were marginally increased from 19.8 days and 35.9 days respectively in 2017-18. Based on analysis of the KPMs and the information collected through sector engagements, it is likely that these small increases in the sector VT and VUT rates were due to maintenance works and redevelopments.

Turnaround time

Key performance measures (days)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Turnaround time (tenantable)	17.44	16.91	19.07	19.82	21.00	15.30	14.23	15.03	17.13	18.97
Turnaround time (untenantable)	27.07	26.81	34.24	35.86	36.42	26.87	25.91	32.93	32.52	33.33

¹⁰ A vacant tenable unit is one where the unit is ready to be occupied.

¹¹ A unit is considered vacant untenable where maintenance required to have it available for occupancy has been deferred or has not been completed, or a decision has been taken for other legitimate reasons not to fill that unit.

Rent outstanding from current tenants

Average rent outstanding from current tenants as a percentage of total rent revenue was 1.6 per cent in 2018-19 which is marginally decreased compared to the result in 2017-18.

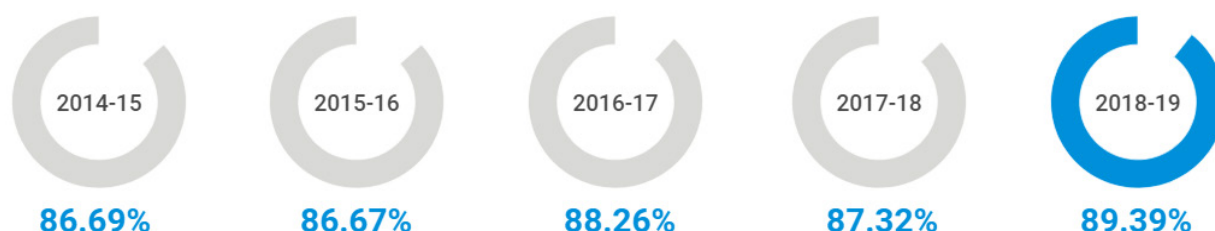
The percentages of rent outstanding remained low across the sector, with all registered agencies recording rent outstanding from current tenants at less than 5 per cent. This result is within the satisfactory range for this KPM.

Rent outstanding from current tenant

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Rent outstanding from current tenants	1.36	1.27	1.76	1.70	1.64	1.52	1.44	1.71	1.61	1.62

Tenancies maintained

Tenancies maintained



The sector's average rate of tenancies maintained has been relatively stable and remained above 86 per cent in the past five years. The average for tenancies maintained in long-term housing across the sector was 89.4 per cent, compared to 87.3 per cent reported in 2017-18.

Housing associations reported a rate of 90.2 per cent for tenancies maintained, which was marginally higher than 2017-18's result of 88.7 per cent.

Average occupancy rate

In 2018-19, the sector continued to perform well in relation to occupancy rate and delivered an average result of 97.5 per cent.

This KPM result remained stable and consistently above 97 per cent in the past five years.

Average occupancy rate

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Average occupancy rate	97.90	97.66	97.52	97.55	97.64	97.74	97.58	97.30	97.40	97.53

Evictions

Evictions are treated by registered agencies as the last resort, however certain tenant behaviours such as ongoing rent arrears, intentional damage to property, using the property for an unlawful purpose and anti-social behaviour may require evictions to reinforce tenant obligations and protect other tenants.

The average eviction rate for 2018-19 was 7.24 per cent, marginally lower than the 2017-18 result of 7.62 per cent. The proportion of evictions as a percentage of exits range between 6 to 8 per cent in the past five years.

Evictions

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Evictions	8.76	8.76	8.53	7.82	7.86	6.92	7.41	7.41	7.62	7.24

Complaints

Registered agencies are required to have robust complaints resolution mechanisms that comply with the Housing Act and registered agencies must take all reasonable steps to resolve complaints from tenants and prospective tenants within 30 days. Further, the tenant and housing services Performance Standard identifies the following indicators of good complaints and appeals handling practice:

- information is readily available and promoted to tenants on complaints and appeals;
- the registered agency manages complaints and appeals promptly and fairly; and
- the registered agency regularly monitors the effectiveness of the complaints and appeals system.

During 2018-19, 94.2 per cent of complaints lodged by tenants and prospective tenants were resolved in 30 days, a 5.5 per cent rise compared to the 2017-18 performance year. Housing associations recorded rates in the satisfactory or preferred ranges for this KPM.

The total of 380 complaints received from tenants and prospective tenants continue to represent a very low proportion (1.9 per cent) of the total tenancy units under management by the sector.

Complaints resolved in 30 days

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Prospective tenant/tenant complaints	90.32	89.32	89.72	87.76	94.61	83.61	87.39	91.24	88.71	94.21

Number of complaints

Key performance measures	Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19
Total number of complaints	817	886	881	1 076	1 113
Total number from tenants/perspective tenants	305	333	388	425	380

Tenant satisfaction – housing services

Registered agencies are required to survey their tenants at least every two years as part of their registration criteria as outlined in the Evidence Guidelines¹². The survey results and analysis provide an agency with insight into the needs of its tenants and suggestions to improve services. 25 of the 39 registered agencies conducted tenancy surveys during 2018-19.

Of the tenants that responded, 85.9 per cent indicated they were satisfied with the housing services provided. Notably, over the past five years, the results for this KPM have remained consistently above 85 per cent.

The average satisfaction rating with housing services from housing associations was 84.8 per cent, which was very similar to the previous year.

Tenant satisfaction – housing services

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Tenant satisfaction – housing services	87.57	84.54	84.43	84.17	84.76	88.00	86.89	87.75	85.66	85.88

¹² The Evidence Guidelines which supplement the Performance Standards and list the minimum evidentiary sources that the Registrar expects a registered agency to maintain, and which are reviewed as part of the assessment of a registered agency's compliance with the Performance Standards.

Tenant satisfaction – consideration of views

This KPM measures how satisfied the tenants of registered agencies are in relation to consideration of their views by the registered agency. The average satisfaction rate has fallen to 72 per cent from 76 per cent recorded in the previous year. 19 of the 25 registered agencies that conducted a survey achieved a tenant satisfaction rate above 75 per cent. The Housing Registrar will continue to work with registered agencies in developing strategies to capture and consider the views of their tenants.

The housing associations' average for satisfaction with views was 73.9 per cent, representing a marginal improvement from the previous year's result.

Tenant satisfaction – consideration of views

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Tenant satisfaction – CoV	75.59	70.59	79.78	73.27	73.86	77.19	75.06	82.34	76.16	72.03

Tenant satisfaction – maintenance

In the tenant surveys conducted by the sector in 2018-19 period, an average of 77.2 per cent satisfaction rate was recorded for maintenance. 20 of the 25 registered agencies that conducted a survey, reported a satisfaction rate above 75 per cent.

Tenants of housing associations reported an average 78.4 per cent satisfaction rate.

Tenant satisfaction – maintenance

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Tenant satisfaction – maintenance	79.44	76.60	81.13	78.41	78.38	80.86	78.61	81.55	79.93	77.15

Maintenance of properties

The Housing Assets Performance Standard requires the registered agencies to ensure properties are well maintained and maintenance is undertaken in a timely manner.

The average completion rate for urgent repairs in 24 hours was 93.6 per cent. Notably, over the past five years, the results for this KPM have remained above 90 per cent. Of non-urgent repairs requested, 91.3 per cent were completed in 14 days. This result is marginally higher than that recorded in 2017-18.

Urgent and non-urgent requested repairs on time

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Urgent repairs completed in 24 hours	92.98	94.23	90.70	90.32	93.54	90.32	91.19	90.77	90.62	93.64
Non-urgent repairs completed in 14 days	90.17	90.68	88.80	87.43	91.39	89.34	89.11	89.26	88.03	91.33

Regulatory plan action items

The outcomes of the annual compliance assessments provide the foundation for developing a registered agency's regulatory plan. Developed on a calendar year basis, the registered agency's regulatory plan is not available until the completion of the annual compliance assessment report. Items can be added to a regulatory plan as a result of regulatory engagement. For example, a reportable event, a complaints review or an investigation may result in identifying new information which may lead to including a new action item in an agency's regulatory plan. The plan is a shared agreement between the Housing Registrar and the registered agency regarding the actions required in areas that an agency needs to improve.

The table below summaries the key areas for improvement from the 2018-19 annual compliance assessments.

Regulatory plan action items

Key areas for improvement	Number of regulatory action items
Register of housing agencies	1
Annual reporting requirement	1
Community engagement	5
Financial viability	8
Governance	18
Housing assets	4
Management	18
Probity	3
Tenant and housing services	18

The Registrar monitors progress against the regulatory plan action items, with a view to improve the registered agency's compliance, capability and to promote continuous improvement.

Appendix

Financial ratios

Prudential measures	Housing associations			Housing providers			Sector		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
EBITDA margin (%)	22.1	17.8	18.5	8.3	7.0	9.0	16.7	13.3	14.6
Working capital ratio*	1.3	1.6	1.0	2.3	2.4	2.3	1.6	1.9	1.3
Gearing ratio (%)	10.7	9.2	8.8	10.6	9.0	9.6	10.7	9.2	8.9
Return on assets (%) (based on Op. EBITDA)	1.3	1.0	1.1	4.6	3.6	4.6	1.5	1.1	1.3
Interest cover (based on Op. EBITDA)	2.7	2.4	2.8	17.6	16.8	17.0	3.2	2.9	3.5
Debt to housing assets (%)	9.8	8.5	8.2	12.2	10.5	10.6	9.9	8.6	8.3
Cash cost of capital (%)	0.5	0.4	0.4	0.3	0.2	0.3	0.5	0.4	0.4

* excludes capital grants received in advance

Key performance measures

Key performance measures (%)	Housing associations					Sector				
	2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19
Staff turnover (%)	17.68	18.16	23.83	26.76	15.35	18.82	21.18	23.02	25.60	18.97
Turnaround time (days)										
• Vacant tenantable	17.44	16.91	19.07	19.82	21.00	15.30	14.23	15.03	17.13	18.97
• Vacant untenable (long-term housing)	27.07	26.81	34.24	35.86	36.42	26.87	25.91	32.93	32.52	33.33
Rent outstanding from current tenants (%)	1.36	1.27	1.76	1.70	1.64	1.52	1.44	1.71	1.61	1.62
Tenancies maintained (long-term housing) (%)	87.14	88.71	89.50	88.65	90.21	86.69	86.67	88.26	87.32	89.39
Prospective tenant/ tenant complaints resolved within 30 days (%)	90.32	89.32	89.72	87.76	94.61	83.61	87.39	91.24	88.71	94.21
Average occupancy rate (%)	97.90	97.66	97.52	97.55	97.64	97.74	97.58	97.30	97.40	97.53
Evictions (%)	8.76	8.76	8.53	7.82	7.86	6.92	7.41	7.41	7.62	7.24
Urgent requested repairs on time (%)	92.98	94.23	90.70	90.32	93.54	90.32	91.19	90.77	90.62	93.64
Non-urgent requested repairs on time (%)	90.17	90.68	88.80	87.43	91.39	89.34	89.11	89.26	88.03	91.33
Tenant satisfaction – housing services (%)	87.57	84.54	84.43	84.17	84.76	88.00	86.89	87.75	85.66	85.88
Tenant satisfaction – consideration of views (%)	75.59	70.59	79.78	73.27	73.86	77.19	75.06	82.34	76.16	72.03
Tenant satisfaction – maintenance (%)	79.44	76.60	81.13	78.41	78.38	80.86	78.61	81.55	79.93	77.15

Published by

Department of Treasury and Finance
1 Treasury Place
Melbourne Victoria 3002 Australia
Telephone: +61 3 7005 8984
dtf.vic.gov.au

Authorised by the Victorian Government
1 Treasury Place, Melbourne, 3002

© State of Victoria 2020



This work, Housing Registrar Report 2018-19, is licensed under a Creative Commons Attribution 4.0 licence. The license conditions are available at <http://creativecommons.org/licenses/by/4.0/>

You are free to re-use the work under that license, on the condition you credit the State of Victoria (Department of Treasury and Finance) as author, indicate if changes were made and comply with the other licence terms. The licence does not apply to any images, photographs or branding, including Government logos.

Copyright queries may be directed to IPpolicy@dtf.vic.gov.au

ISSN 2652-3418 – online (pdf/word)
Published May 2020

If you would like to receive this publication in an accessible format please telephone 7005 8984 or email information@dtf.vic.gov.au.

This document is available in Word and PDF format at www.housingregistrar.vic.gov.au

