

Snapshot Report – A year in review

In 2019, the NRSCH modified the format and timing of its reporting. This included publishing its Annual Overview in discrete sections as opposed to a single document. These, and other reports referred to in the Annual Overview, are summarised below and can be found on the News section of the NRSCH website¹.

There were **293** registered community providers at the end of June 30, 2019.
23 new providers were registered in 2018-19.



The sector comprised of approximately **62,000** tenancies in this time - an increase of **19,500** over the previous year.



Providers reported improved levels of satisfaction from their tenants – performing well above thresholds. This includes metrics relating to urgent repairs, maintenance and overall satisfaction.



Overall, the sector was found to be well managed. Highlights include:

- Occupancy rates remained high in 2018-19 with 79% of all providers meeting the threshold of 97%.
- Numbers of evictions fell from 794 to 732 despite higher numbers of tenancies.
- Rent arrears fell to its lowest level in 4 years.

150 providers underwent standard compliance assessments in 2018-19. These providers achieved a compliance rate of at least **98%** across all seven performance outcomes. Additionally, **53** providers underwent targeted compliance assessments, with a particular focus on **Probity**.



In 2018-19, **seven** providers were subject to enforcement actions. **Three** had their registrations cancelled.

58% of providers who underwent compliance assessments returned a Service Evaluation Survey on our performance with the vast majority of them rating us, and our processes, positively.

In 2019, the NRSCH:

- continued a pilot to examine reducing evidentiary requirements for small Tier 3 providers
- undertook an analysis of the impact of NRAS cessation properties on the sector, and
- undertook a comprehensive review of data needs into the future.

Registrars are using results and feedback from these initiatives to better understand the sector's needs, risks and identify improvement opportunities.

¹ https://www.nrsch.gov.au/news_and_events

Growth in tenancies and numbers of registered providers also translated to growth in assets and income.

- Rent revenue increased 13%
- Total Assets increased by \$730m (6%)



Analysis of the sector using a variety of financial ratios demonstrated that the sector is generating sufficient income, has adequate cash reserves and low levels of debt.

Several funding programs across a number of jurisdictions are providing incentives to leverage housing assets to grow available housing stock and their impact will continue to be monitored.

The sector also experienced a decline in grants of 7% (\$104m) and an 11% increase in debt (up \$75m).

Overall, the sector was found to be financially viable and providers met the performance thresholds according to their tier.

Changes to the accounting standards for Not-For-Profit entities has meant that changes to the Financial Performance Report (FPR) will also be necessary. An amended FPR is due for release and testing in early 2020 to give providers sufficient time to amend their reporting systems and raise questions.



The year ahead

The reports, analysis and planning conducted over the year also identified some key trends for the next year. These include:

- The growth of lending to the sector from the National Housing Finance Investment Corporation (NHFIC)
- Impact of stock transfers on providers and the impact on their governance and probity
- An increased focus on investment into Specialist Disability Accommodation
- Outcomes of the Royal Commissions into the Aged Care and Disability sectors
- A continued focus on the winding down of the NRAS scheme

Upcoming reports

Two key reports are due for publication in late 2019 – early 2020:

Data Needs for the NRSCH Final Report - Priorities for implementation – This paper is a summary of the outcomes of the NRSCH Data Review and sets a path forward for the implementation of key priorities. The priorities were informed by feedback received following consultation on the Data needs of the NRSCH Recommendations paper.

NRSCH Environmental Scan – this document aims to identify key macro trends and identify possible medium and long term impacts on the sector.

