



NSW Registrar of
Community Housing
Annual Statement
of Performance
2014



REGISTRAR
COMMUNITY HOUSING

www.rch.nsw.gov.au

Letter to the Minister

The Hon Gabrielle Upton MP

Minister for Family and Community Services
Parliament House
SYDNEY NSW 2000

Dear Minister,

I am pleased to present to you the Registrar of Community Housing's *Annual Statement of Performance 2014*.

This is the fourth Annual Statement of Performance since the establishment of the regulatory systems for community housing providers. It has been prepared to fulfil the Registrar's functions under the Community Housing Providers National Law to provide advice to the Minister on the administration of the regulatory systems.

The report covers the period 1 July 2013 to 30 June 2014.

It will be available for public access on the Registrar of Community Housing's website at www.rch.nsw.gov.au.

Yours sincerely,



Dr Pamela Hanrahan
Registrar of Community Housing

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Contents

PART ONE: ABOUT US	4
1. Regulating community housing providers	5
a. Registrar’s message	5
b. The community housing sector	6
c. The regulatory systems	6
2. Office of the Registrar	9
a. Our vision and values	9
b. What we do	10
c. Our strategic priorities	10
d. Our approach to regulation	11
e. Our staff	12
f. Capability	14
g. Interstate cooperation	15

PART TWO: THE COMMUNITY HOUSING SECTOR

1. Key outcomes in community housing	16
2. Tenants and communities	20
a. Tenant and housing services	20
b. Community engagement	24
3. Assets	27
a. Community housing assets	27
4. Governance, probity and management	32
a. Governance	32
b. Probity	37
c. Management	39
5. Performance of PARS providers	42
6. Financial performance	46
a. Sector financial information	46

PART THREE: OUR REGULATORY ACTIVITIES

1. Building the NRSCH	55
2. Sector profile.....	58
3. Compliance	59
4. Enforcement	61
5. Handling complaints and enquiries	62
6. Sector engagement	63
7. Publications	65
8. RCH in the community	66
9. List of tables and figures	68



1 Part One: About Us



Regulating community housing providers



Registrar's message

This year has seen the implementation of the new National Regulatory System for Community Housing (NRSCH) – a particularly interesting time for everyone involved in the community housing sector. We have been working closely with a range of stakeholders – including community housing providers, peak bodies, the funding agencies, Registrars in the other States and Territories, sector partners, and residents – to ensure that we understand and respond to the emerging challenges and opportunities.

Between now and the end of June 2015, more than 200 community housing providers in New South Wales will move from the NSW system of registration and regulation under the *Housing Act 2001* (NSW) to become registered and regulated under the NRSCH. The NRSCH commenced on 1 January 2014 for all participating jurisdictions. The first six providers (four of them in New South Wales) were registered on 1 May 2014.

The successful commencement of the NRSCH is the culmination of several years' work by many people, with the Registrar's office here in New South Wales playing a key role. The policies, procedures and practices, IT systems, administrative arrangements, training systems, stakeholder communications, and principles for regulatory cooperation all needed to be built from the ground up, in what at times has been a complex inter-governmental environment. The goodwill shown by providers and the assistance of the various peak bodies in getting us to this point has also been crucial.

Alongside our work in establishing the NRSCH and conducting the first registration assessments under it, we have, of course, continued our work with existing providers to identify and resolve concerns about



non-compliance with the NSW Regulatory Code. This work is vital in maintaining quality outcomes for residents, protecting government investment, and building confidence in the community housing sector. It is not always visible, however, it is at the centre of what we do as regulators.

In the past 12 months, we completed the final round of registrations under the Provider Registration and Assessment System (PARS) and have worked with the Aboriginal Housing Office (AHO) to develop the Performance Review Framework, the Performance Review Guide and the first schedule of performance reviews. There are now 43 Aboriginal community housing providers that have been approved by the AHO under PARS, based on recommendations made by our PARS team.

We look forward to continuing to build on our achievements in the coming year.

Dr Pamela Hanrahan
Registrar of Community Housing

The community housing sector

Community housing in New South Wales is a vibrant and engaged sector, providing affordable rental housing to over 27,000 households all across the State. Community housing is a significant and diverse component of the New South Wales social housing sector.

The majority of the housing provided is subsidised by government and is part of a broad social housing system that includes community housing, public housing and Aboriginal housing. Increasingly, large housing providers are taking on a wider range of affordable housing services.

Community housing providers are non-government organisations that provide housing and associated support to people on very low, low and moderate incomes. Providers vary greatly in size, services and location. Roughly two-thirds of community housing is in metropolitan areas, with the rest in regional centres, small towns and remote areas.

As at 30 June 2014, the sector included 212 registered community housing providers that, between them, managed 27,450 properties. This represents more than 20 per cent of all social housing in New South Wales.

About 90 per cent of community housing is owned or managed by the largest 30 providers. The remaining 10 per cent, mainly supported housing, is managed by a large number of smaller organisations.

Community housing providers are working in partnership – with support providers, with local government, with public housing providers, and with private sector partners.

Community housing has a well-deserved reputation for innovation. It is ‘people centred’ and approaches housing issues locally. It has a strong emphasis on involving tenants in decisions about their housing.

The regulatory systems

The Registrar of Community Housing currently administers three regulatory systems:

- The NSW Regulatory Code, established under Part 9A of the *Housing Act 2001* (NSW), which is gradually being phased out and which will end on 30 June 2015
- The new National Regulatory System for Community Housing (NRSCH), which commenced on 1 January 2014 and which will fully replace the NSW Regulatory Code by 30 June 2015, and
- The Aboriginal Housing Office’s Provider Assessment and Registration System (PARS).

NRSCH

The National Regulatory System for Community Housing (NRSCH) has been created to ensure the development of a well governed, well managed and viable national community housing sector. The system aims to meet the housing needs of tenants and providers and offer assurance for government and investors to enable growth and deliver more housing for people in need. It achieves these goals by:

1. Providing a consistent regulatory environment to support the growth and development of the community housing sector
2. Paving the way for future housing product development
3. Reducing the regulatory burden on housing providers working across jurisdictions
4. Creating a level playing field for providers seeking to enter new jurisdictions.

The NRSCH is the fulfilment of an agreement by State, Territory and Commonwealth governments, as part of the National Affordable Housing Agreement, to enhance the capacity and growth of the not-for-profit housing sector, supported by a nationally consistent regulatory framework.

Community housing providers are registered under the NRSCH in one of three tiers of registration. The tier of registration, in turn, determines the performance requirements and the intensity of regulatory engagement applicable to each provider.

The NRSCH minimises red tape nationally by reducing the regulatory burden for multi-jurisdictional providers and makes it easier for community housing providers to enter new markets. It is also a positive example of cross-jurisdictional collaboration informed by extensive consultation with the community housing sector and the public.

The development of the NRSCH took place over three years, with the new system fully commencing on 1 January 2014.

The NRSCH Regulatory Code covers seven key performance areas:

- tenant and housing services
- housing assets
- community engagement
- governance
- probity
- management
- financial viability.

NSW Regulatory Code

From 2009-2013, community housing providers in New South Wales were required to be registered under Part 9A of the *Housing Act 2001* (NSW) and to comply with the Regulatory Code contained in Schedule 1 of the *Housing Regulation 2009*. Under the Code, providers were required to meet performance standards in eight key areas:

- fairness and resident satisfaction
- sustainable tenancies and communities
- asset management

- sound governance
- standards of probity
- protection of government investment
- efficient and competitive delivery of community housing
- development projects.

As at 30 June 2014, just over 200 providers remain registered under the NSW Regulatory Code. These providers will gradually be registered under the NRSCH over the transition period, which ends on 30 June 2015. Providers registered under the NSW Regulatory Code must continue to comply with the Code during the transition period.

Key differences between the NSW Regulatory Code and the NRSCH

The NRSCH is similar to the NSW Regulatory Code in many respects, although there are some key differences:

- The NRSCH has three different tiers of registration compared with four classes under the NSW Regulatory Code
- There are some differences between the performance requirements in the two Regulatory Codes
- The Registrar has enhanced investigation and enforcement powers under the NRSCH
- More decisions made under the NRSCH can be appealed by providers, leading to greater transparency.

Office of the Registrar

PARS

The Provider Assessment and Registration System (PARS) is a voluntary system and one of several registration pathways offered under the AHO Build and Grow Strategy. Providers applying for registration must meet the requirements in seven performance areas set out in the Guide for Aboriginal Community Housing Providers (PARS Guide).

The PARS assessment process involves Aboriginal organisations responding to questions in an online application form, submitting appropriate documentation to accompany their applications, and providing additional information or documents that the Registrar requires.

Performance reviews of AHO-registered community housing providers also follow a similar process. Informed by an assessment or performance review report from the Registrar of Community Housing, the AHO then decides whether a provider should continue to be registered.

For an Aboriginal community housing provider to maintain its PARS status, it must go through an annual performance review. As at 30 June 2014, there were 29 Aboriginal community housing providers due for performance review. Through this process, the Registrar considers whether a provider has addressed all the performance issues identified during its last assessment. For this purpose, analysts use the Performance Review Guide published by the AHO.

The Registrar of Community Housing is responsible for registering and regulating community housing providers in New South Wales. The Registrar is an independent statutory officer reporting directly to the Minister for Family and Community Services.

Vision

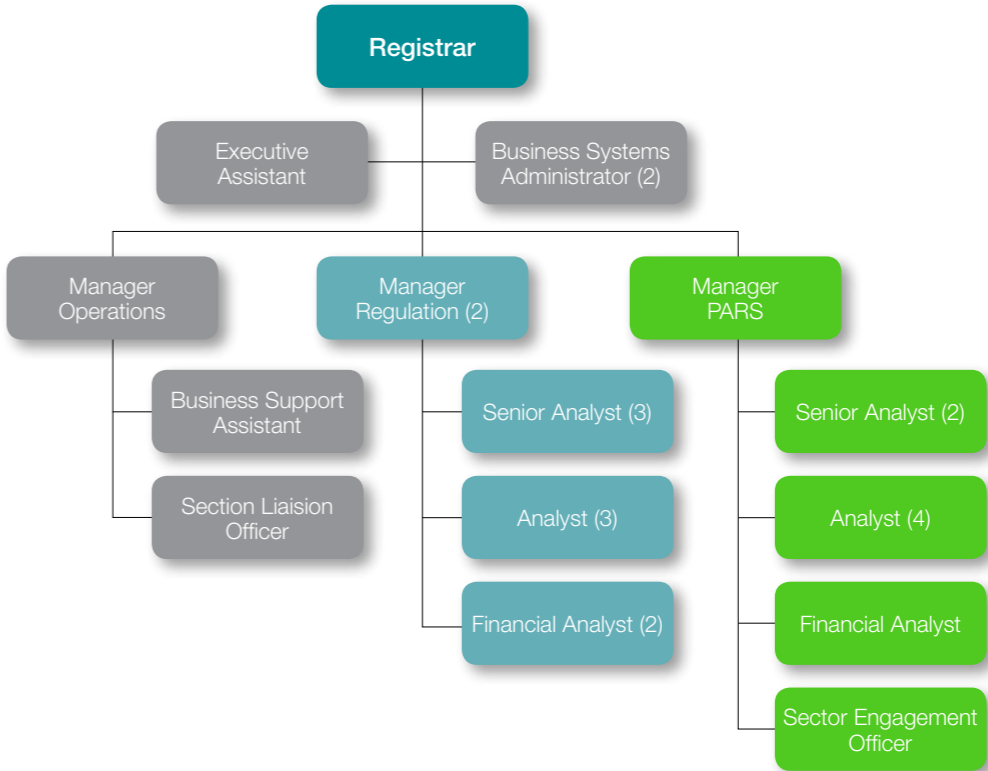
Our vision is to provide assurance for a viable and diverse community housing sector that supports people in need in NSW.

Our values

Our core values reflect those of the New South Wales government sector generally. These are:

- Integrity
- Trust
- Service
- Accountability

Fig. 1: Organisational structure as at 30 June 2014



On 1 January 2014, New South Wales commenced transition to the National Regulatory System for Community Housing (NRSCH).

What we do

The Registrar's functions and powers are prescribed by the relevant legislation.

The legislation adopting the NRSCH requires the Registrar to:

- maintain the National Register of Community Housing Providers jointly with the Registrars of participating jurisdictions
- assess the suitability of entities to be registered as community housing providers
- register entities as community housing providers and to cancel the registration of community housing providers
- monitor compliance by community housing providers with community housing legislation and exercise enforcement and intervention functions under that legislation
- investigate complaints about the compliance of registered community housing providers with community housing legislation
- provide information about the registration of entities and information about the compliance of registered community housing providers with community housing legislation
- share information and cooperate with Registrars of other participating jurisdictions for the purposes of community housing legislation

- provide information and advice to the relevant Minister and Housing Agency in relation to the registration of entities and the regulation of community housing providers and any other matter under community housing legislation
- perform any other function conferred or imposed on the Registrar by or under the Community Housing Providers National Law or any other law.

The Registrar's PARS function is determined by an agreement with the AHO under which the Registrar undertakes performance assessments for the AHO, using the AHO's policies and guidelines.

Our strategic priorities

Our priorities are to ensure that:

1. Suitable community housing providers are registered efficiently.

We do this by assessing the suitability of community housing providers to become registered under the NRSCH, having regard to their capacity to meet the requirements of the NRSCH Regulatory Code relating to:

- tenant and housing services
- housing assets
- community engagement
- governance
- probity
- management
- financial viability.

The assessment takes into account the scale and scope of the provider's operations and aims to work with providers to minimise red tape.

2. Registered providers comply with the relevant Regulatory Code.

We do this by engaging with registered providers to assist them in understanding and applying the Regulatory Code, monitoring their compliance with the Regulatory Code on a risk-assessed basis, and exercising our statutory enforcement and intervention functions to deal with instances of non-compliance.

3. Understanding of, and confidence in, the community housing sector is enhanced.

We do this by providing government, investors and partners with information about the community housing sector, and by providing assurance through our statutory oversight that providers have appropriate systems and processes in place to comply with the Regulatory Code.

PARS

With the fifth registration round completed in December 2013, PARS has concluded its current registration phase. Overall, 60 Aboriginal organisations were scheduled for assessment.

PARS is now on its second phase – the performance review of AHO-registered providers. This is the priority for PARS in the next 12 months.

Our approach to regulation

We are committed to ensuring that our approach to regulating community housing providers is:

- Proportionate – reflecting the scale and scope of regulated activities
- Accountable – able to justify regulatory assessments and be subject to scrutiny
- Consistent – based on standardised information and methods
- Transparent – clear and open processes and decisions
- Flexible – avoiding unnecessary rules about how housing providers organise their businesses and demonstrate compliance with the National Regulatory Code and NSW Regulatory Code
- Targeted – focused on the core purposes of improving tenant outcomes and protecting vulnerable tenants; protecting government funding and equity; and ensuring investor and partner confidence.



Our staff

All staff of the Registrar are public servants employed under the *Government Sector Employment Act 2013* (NSW), on the establishment of the portfolio agencies and seconded to the Registrar.

We recognise that each employee brings their own unique capabilities, experiences, characteristics and perspectives to their work. We aim to ensure fair and equitable

outcomes in all areas of employment, which relate to recruitment, training and development, promotion, transfer, and conditions of employment. Staff participate in a range of fora to support equal employment opportunities.

We aim also to provide a safe working environment. We have one trained work health and safety officer, three fire wardens and two first aid officers.



The Registrar, Dr Pamela Hanrahan with RCH staff member, Kahlia Blacker.

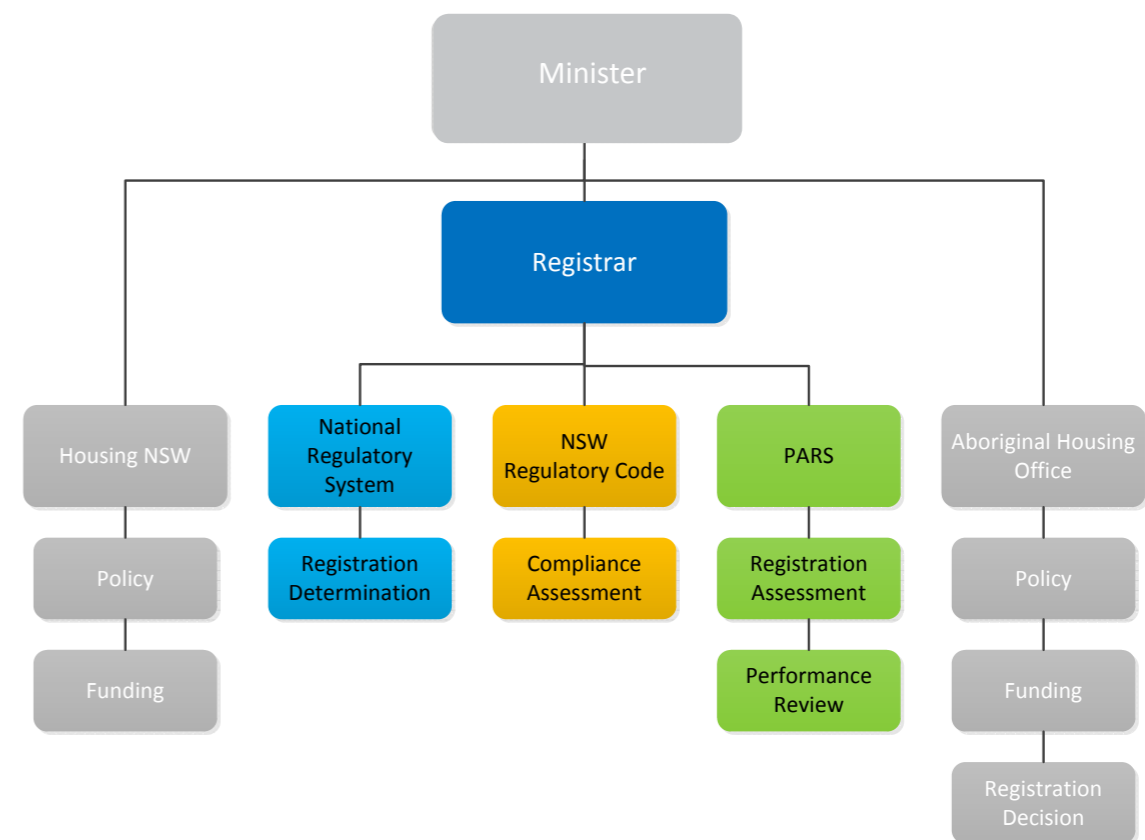
How we operate

While the Registrar is directly accountable to the Minister, the Registrar's office operates with the assistance of two portfolio agencies: Housing NSW and the Aboriginal Housing Office.

In each case, the Registrar has an agreement in place that details the basis of the relationship – that each agency will at all times recognise the other's role and responsibilities in a spirit of partnership to optimise the outcomes for the community housing sectors in New South Wales.

The Registrar directs all aspects of the operations of her office, but is supported by the administrative services of the portfolio agencies and operates in accordance with portfolio agency policies, procedures, guidelines and agreements that are common to all business units and staff.

Fig. 2: Operational structure as at 30 June 2014



Capability

The skills and knowledge of our staff underpin our capability in delivering on our functions and genuinely creating value in the registration and regulation of the community housing sectors.

In addition to ensuring all staff have Individual Performance and Development Plans, as well as the opportunity to access and benefit from Housing NSW and AHO staff training development opportunities, in 2013/2014, we supported:

- Development opportunity through special project work, higher duties and participation/observation at industry fora and meetings
- Approximately 26 places for staff to attend industry conferences and courses.

In-house training and development opportunities throughout the year included:

- Industry seminars and planning and development day presentations on industry topics with guest speakers

- Analyst workshops and exchanges held regularly to provide a collegiate forum for analysts to utilise case studies to identify areas of improvement. These also help to promote professionalism, consistency and transparency in the assessment of community housing providers and improving regular practice consistent with the values and regulatory principles of the Registrar
- Implementation of an internal Aboriginal Cultural Competency program led by Aboriginal staff and the culturally appropriate delivery of regulatory services to Aboriginal community housing providers and Aboriginal communities.



Interstate cooperation

According to the NSW Registrar Dr Pamela Hanrahan, a big part of the Registrar's work over the last 12 months has been bedding down the arrangements for the national system, involving the participating States and Territories.

"NSW is the lead jurisdiction on the national scheme and we've been doing the work related to setting up all the systems and processes. In the second half of 2013, we had quite a large project team here in NSW, which put in place all the mechanisms for CHRIS and all the documentation," Dr Hanrahan said.

"Throughout the year there was considerable activity related to getting the system ready to start on 1 January 2014. From that time onwards, the Registrars in all of the States and Territories, including those not currently participating (WA and Victoria), have continued to work very closely together to ensure that we're applying the new regime in a consistent way. Generally, this has included Registrars in each state meeting fortnightly (usually via teleconferencing).

"We also hosted the Registrars and senior Registrars' staff at a two-day conference and training briefing at the University of Technology (UTS) Sydney in February this year," Dr Hanrahan said.

The Registrars have established two staff-level communities of practice, the Analysts Community of Practice (ACOP) and the Financial Analysts Community of Practice (FACOP).

"Every effort is made to ensure that there is a consistent approach at a staff level in applying the regime across the different states and territories as well as working with the Registrars to develop policy and procedures. All of this details the important aspects of interstate cooperation," Dr Hanrahan said.

Additionally, the National Working Group meets monthly. The group includes not only the Registrars but also the policy and funding people from the various states.

Dr Hanrahan said that the Minister in NSW has entered into an agreement under which staff in NSW undertake registration and compliance assessment for the Tasmanian Registrar.

"There is a very strong commitment at the Registrars' level to make the transition to the NRSCH work effectively so there is a genuinely national approach to making the various assessment and decisions."



Part Two: The community Housing Sector

Key outcomes in community housing

A viable community housing sector

This year saw the fifth anniversary of the establishment of the Registrar's office and the commencement of the new National Regulatory System for Community Housing (NRSCH). Through our work, we have continued to deliver fair and effective regulatory services to provide assurance for a viable and diverse community housing sector in New South Wales.

This Part details the performance of a sample of community housing providers and the Aboriginal community housing sector.

The following information demonstrates that registered community housing providers are connected in their communities, are flexible and innovative in responding to diverse needs, are delivering quality tenancy and asset management services, are prudent in managing probity and risk, and have the strength in their governance and financial arrangements to harness investments to increase the supply of community housing.

As at 30 June 2014, the total number of providers registered under the NSW Regulatory Code (NSWRC), NRSCH - with NSW as their primary jurisdiction - and PARS was as follows:

- NSWRC – 212 providers
- NRSCH – 13 providers
- PARS – 43 providers

In addition to these properties, registered providers owned 1,664 affordable housing properties under the National Rental Affordability Scheme (NRAS) and were managing another 850 properties on behalf of their owners.

The following figures provide a snapshot of community housing providers under the *Housing Act 2001* (NSW), the NRSCH and PARS as at 30 June 2014.



Measuring key performance outcomes

NSW and National Regulatory Code performance

The Registrar looks at a range of areas of providers' performance to determine that they are operating in line with the Housing Act 2001 (NSW), the NRSCH and the New South Wales and National Regulatory Codes.

In this report we present the findings in relation to 111 providers that have submitted returns in the following areas:

- Tenants and communities
- Assets
- Governance, probity and management
- Financial performance.

As at 30 June 2014, 13 of these providers were registered under the NRSCH, with another 98 providers at different stages of assessment.

Financial performance for Tiers 1, 2 and 3 is based on the assessed financial performance of the registered providers (see page 46).

Due to the transition to the NRSCH, we can only report on performance data from a subset of the sector in the 2013/2014 financial year, comprising 111 providers. However, we believe that this data is a reasonable indication of the performance of the overall sector in these areas.

PARS performance measures

Aboriginal organisations applying for PARS registration must satisfy the requirements of seven PARS performance areas identified in the PARS Guide for Aboriginal community housing providers. Providers are assessed and receive three possible outcomes for each of these requirements: 'Meets', 'Capacity to Meet', or 'Does not Meet'.

'Meets' is self-explanatory. While a positive outcome, 'Capacity to Meet' requires providers to undertake some recommended actions. 'Does not Meet' is a negative outcome, which in many cases requires providers to address more significant recommended actions. These recommendations are required to be implemented within a specified time.

The totality of outcomes results in an applicant organisation becoming an Approved or Not Approved provider.

Three of the four performance measures used in this report are composites of several requirements. There is only one requirement for Assets used in this report.

Number of organisations registered under the Housing Act 2001 (NSW)

The Registrar of Community Housing continues to regulate community housing providers under the NSW Regulatory Code. A number of providers has undergone compliance assessment under the Code. Only those providers registered under the NSW Regulatory Code who have completed compliance assessments may then transition to the NRSCH.

Table 1: Number of registered providers and compliance assessments at 30 June 2014 under the Housing Act 2001 (NSW)

Class	Number of NSW registered providers	Number of compliance assessments
1	8	13
2	9	15
3	13	14
4	182	106
Total	212	148

Number of organisations registered under the NRSCH

The first providers have now been registered under the NRSCH. The NRSCH aims to ensure a well governed, well managed and viable national community housing sector that meets the housing needs of tenants and provides assurance for government and investors. Full implementation of the system began on 1 January 2014, following six months of testing and evaluation with a small number of providers nationally. As at 30 June 2014, there were 16 registered providers nationally, with 13 of these under the NSW Primary Jurisdiction.

Table 2: Number of providers registered under NSW primary jurisdiction at 30 June 2014

Tier	Number of registered providers
1	7
2	5
3	1
Total	13

Number of PARS registered providers

Thirty Aboriginal community housing providers were scheduled for assessment under PARS during 2013/2014. We conducted 18 assessments and 11 organisations were registered as approved providers by the AHO.

There are now 43 Aboriginal community housing providers registered under PARS.

Table 3: Number of assessments and assessment outcomes

1 July 2013 to 30 June 2014	Number of providers
Assessed	18
Meets	0
Capacity to meet	11
Ineligible	0
Does not meet	7
Not assessed - provider reason	12
AHO decision	1
Not participating	6
Failed to respond	5
Total assessments	30

Tenants and communities

Tenant and housing services

These performance areas assess how an organisation applying to become a registered community housing provider under the Community Housing Providers National Law provides quality tenancy and community services.

The assessment looks at a range of areas, including rent management, tenant and resident engagement, tenant support, information about providers' management of complaints and appeals and tenant satisfaction with overall services. In the area of community engagement, the Registrar looks at how providers promote community housing as well as their activities in terms of place renewal and social inclusion. The Registrar assesses each provider within the context of its own operation.

Tenancies for the year

Providers assessed have reported on the overall number of tenancies, including supported tenancies as in *Tables 4 and 5*. A sample of 111 providers managed the following number of tenancies:

Table 4: Tenancies for the year

Tier	Tenancies for the year
1	23,245
2	9,692
3	2,961
Grand total	35,898*

* This number includes long-term, transitional and crisis tenancies (short-term) and are self-reported by providers.

The Registrar expects providers to establish and maintain arrangements that are adequate to ensure tenants and residents with support needs receive appropriate support, where necessary, to maintain their tenancies.

Supported tenancies are defined as having a support plan for a tenant or household to deliver specific assistance or sustain the tenancy.

Some providers who have no supported tenancies while others have 100 per cent supported tenancies.

Table 5 following on page 21 shows that 12% of Tier 1 and 14% of Tier 2 providers manage tenancies that, in order to be sustainable, require support. Based on the nature of their business, which is reflected in providers' business plans, some providers manage more supported tenancies than others, with Tier 3 providers managing the highest number of supported tenancies.

Partnerships with support providers are common for Tier 1 and 2 providers and encouraged. Twenty-four out of 26 Tier 1 and 2 community housing providers have support partners. Tier 3 (these are in most cases organisations previously registered as Class 4 providers under the NSW regulatory code) is higher, with some providers having 100 per cent supported tenancies. Class 4 provider's main business was the management of tenancies and provision of support to tenants with support needs.

Table 5: % of supported tenancies

Tier	% of supported tenancies	Total
1	0-10%	7
	11-50%	5
Tier 1 total		12

Tier	% of supported tenancies	Total
2	0-10%	4
	11-50%	9
	>50%	1
Tier 2 total		14

Tier	% of supported tenancies	Total
3	0-10%	37
	11-50%	19
	>50%	29
Tier 3 total		85

Grand total		111
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Rent management

The Registrar expects providers to convey information relating to rent management to tenants in a range of formats. It is important for providers to be clear about how rent is set. Tenants should know exactly what to expect if they, for example, do not pay rent on time. Of the 111 providers assessed, we have concluded that all residents receive information to enable the resident to make informed decisions and to understand decisions made by the provider with respect to rent.

Providers apply policies and procedures so there are no significant and ongoing or repeated failures to treat applicants and residents fairly and transparently. Policies and procedures are applied so there are no significant and ongoing or repeated failures to manage housing assistance in accordance

CASE STUDY A – Facilitating access to support for tenants with needs

This Tier 1 community housing provider has systems in place to facilitate support for residents in need, including selection and allocation procedures and related forms. The provider sought feedback from supported tenants about quality and effectiveness of support. The provider has 194 supported tenancies or 8.4 per cent of 2,320 properties. Overall, this is not a particularly high proportion of supported tenancies. The provider lists 47 formal support partners with a wide range of specialist services. Some innovative schemes to supplement formal tenant support and encourage voluntary resident involvement include FAN (Friendship Aged Network), which was established by its resident council to provide contact and simple support to other residents over 50 years of age.

with policy and legal requirements. Tenancy management policies and procedures reference legal and jurisdictional policy requirements where appropriate. Residents are charged rent in accordance with policy requirements.

There are performance standards for rent arrears and rent foregone. Providers' performance in this area is detailed on pages 40 and 41.

Setting and meeting relevant housing service standards

The Registrar requires that providers communicate what residents can expect from the service and monitor their performance in this regard.

We have found that providers' standards address operating hours, response times, privacy, conduct and communication and that, in the case of Tier 1 and 2 providers, standards address access across geographical location.

Managing and addressing complaints and appeals relating to providing housing services

The Registrar expects providers to make information on complaints and appeals readily available and promoted to tenants, and that providers manage complaints and appeals promptly and fairly.

We found that providers make available information to applicants and residents to enable them to make informed decisions about managing complaints and appeals.

In addition, we found that complaints and appeals are managed in such a way that there are no significant and ongoing or repeated failures in promptness or fairness. There are also no significant and ongoing or repeated failures with regard to complaints and appeals, which are dealt with promptly and fairly.

We also expect providers to monitor regularly the effectiveness of their complaints and appeals system. We found that providers review the type, number and outcome of complaints and appeals regularly to inform the fair, transparent and responsive delivery of the complaints and appeals system.

Satisfaction with providers' complaints and appeals management system is part of providers seeking feedback on tenant overall satisfaction with the service.

Overall tenant satisfaction

The Registrar encourages providers to collect feedback from tenants in a range of formats and to achieve a reasonable rate of return of service.

We expect providers to receive feedback from at least 10 per cent of their tenants. This is the first year we have measured the return rate and all providers have exceeded this threshold.

Table 6: % of completed surveys returned

Tier	Survey return rate	Total
Tier 1	0-10%	1
	11-20%	0
	21-50%	11
	Tier 1 total	12
Tier 2	0-10%	2
	11-20%	2
	21-50%	9
	>50%	1
Tier 2 total	14	
Tier 3	0-10%	18
	11-20%	3
	21-50%	14
	>50%	50
Tier 3 total	85	
Grand total		111

We also expect providers to maintain a satisfactory level of tenant and resident satisfaction.

The evidence guidelines cite a threshold satisfaction rating of over 75 per cent. However, should a provider fall below this threshold, it does not mean that it fails the regulatory assessment but rather signifies a need to further explore underlying reasons.

We are satisfied that the bulk of providers have exceeded the agreed threshold.

Table 7: % of tenants satisfied with overall quality of housing services

Tier	Tenant satisfaction rate	Total
Tier 1	Under 75%	1
	75-80%	6
	86-100%	5
	Tier 1 total	12
Tier 2	Under 75%	2
	75-80%	5
	86-100%	7
	Tier 2 total	14
Tier 3	Under 75%	19
	75-80%	12
	86-100%	54
	Tier 3 total	85
Grand total		111

CASE STUDY B – Achieving tenant satisfaction through effective practice

The tenant response rate and survey return rate for this community housing provider is above threshold. Overall satisfaction rate is 83 per cent, so this is acceptable.

All metrics for this performance outcome are within threshold. Notably, there was a low rate of evictions in 2013/2014, with 237 exits i.e. 1.7 per cent of all exits.

This supports findings that the provider has effective tenancy management practices around rent and rent arrears management and communication.

Community engagement

This performance outcome measures how registered community housing providers work in partnership with relevant organisations to promote community housing and to contribute to socially inclusive communities.

Promoting community housing

The Registrar requires providers to engage with relevant organisations, using appropriate communication tools to promote community housing and benefits of partnership.

While we do not collect data on community engagement, we want to see providers promote community housing in the communities in which they operate. Providers self-report on their activities of community engagement and place-making.

The goal is to be a good neighbour and to help the community. Different providers do different things and the challenges they face are not all the same. All providers are involved in finding local solutions to local problems.

CASE STUDY C — Implementing robust systems for community engagement

This community housing provider has strong systems for engaging with residents and community. Business plans include goals and strategies relevant to promotion, for example, its 'Be a leader in industry standards'. KPIs include participating in a Powerhouse sector benchmarking project; running a 'sleep out' for providers in winter 2014 to raise awareness, and maximising PR exposure via launches.

The provider's public website features promotional information aimed at potential fee-for-service clients, especially developers of NRAS properties.

Tenant and resident engagement

The Registrar expects providers to involve tenants and residents in the planning and delivery of housing services in a variety of accessible ways.

The provider should also promote appropriate opportunities for tenants and residents to be involved in their community. The Registrar also requires that providers obtain feedback from tenants and residents on their services, and consult with them on proposals that will affect them.

We found that all residents are provided with appropriate opportunities to be involved in planning and delivering housing services. Providers have in place resident engagement mechanisms such as governing body position(s), representative forum, surveys, tenant advocate position (Tiers 1 and 2).

Tier 1 and 2 providers conduct resident surveys at least every two years with positive outcomes for tenant and resident involvement.

Providers also promote appropriate opportunities for tenants and residents to be involved in their community.

CASE STUDY D — Successfully engaging tenants and residents

This Tier 1 community housing provider's range of practices and activities around tenant engagement is impressive. Its resident engagement strategy covers: decision-making; accountability and improved services; getting people back to work; building skills for life; celebrating community diversity; and social activities and events.

Tenants are engaged through its tenant newsletter while progress with resident engagement strategies and plans are monitored and reported, with feedback to tenants and board. Its website features some value-adding programs, including an educational assistance program and tenant employment program.

A number of grants and funds are made available to tenants for personal development. The provider also partners with Astute Training to offer free training to tenants, including English language courses, computer programs, Certificate III in Aged Care, First Aid, and personal skills for job readiness etc.



Assets

Place renewal and social inclusion

The Registrar requires providers to work with other organisations to maximise positive economic and social outcomes for tenants and the community through place renewal (Tier 1 only). It is also expected that providers work with others to maximise positive economic and social outcomes for tenants and the community through social inclusion.

Again, we found that all providers contribute to the renewal of places where they provide community housing and are recognised as partners in community regeneration work.

CASE STUDY E – Maximising positive social and economic outcomes for tenants

With its business plan goal of 'strengthening communities', this provider has plans to participate in urban renewal projects where there is opportunity in relation to estate management and property development. The board monitors progress around these goals while the executive is preparing financial and social benchmarks for new business opportunities. Progress is also being made to better understand and work with other services in the area.

The provider's website features information about its development projects, as environmentally sustainable and making positive contributions to the community. Most projects to date are purpose-built for people with disabilities.

Community housing assets

These performance areas measure how registered community housing providers manage their community housing assets in a manner that ensures suitable properties are available now and in the future.

The Registrar expects providers to plan for how they will manage their housing assets to optimise outcomes on financial investments, service delivery and meeting housing needs.

Strategic asset management

The Registrar requires large providers to consider their entire portfolios. This is usually done through a strategic asset management plan (SAMP) – see the case study following. We found that all providers assessed have in place either a stand-alone strategic asset management plan – which is integrated with providers' strategic and business plans – or have a strategic asset management component in their other key planning documents.

CASE STUDY F – Promoting business growth through strategic asset management

Actions in this community housing provider's Strategic Plan 2014-2017 include growing the business by targeting 'the development of properties in a range of densities to create mixed tenure locations'. The provider's SAMP for 2012-2017, developed by its Asset Committee, is approved by its board and reviewed annually. The SAMP covers all key aspects of asset management, including management of existing portfolio and portfolio growth via development and other means.

Additionally, the provider plans further growth via fee-for-service property management for private developers, utilising NRAS and the Affordable Housing SEPP.

At March 2014, the provider had 103 NRAS properties under management. By the end of FY2015, it will have 1,334 projects under management. Its systems include an Asset Maintenance Plan to 2035 for costing planned ('preventative') maintenance.

Property condition standards

Providers are expected to manage community housing assets in accordance with the specific legal and policy property condition requirements relevant to their jurisdictions.

The Registrar expects that 70 per cent of community housing assets managed by a provider meet the State housing authority's property condition standards, or other property condition standards adopted by the provider that exceed the State housing authority's standards against, which the properties were inspected. We found the following.

Table 8: % of properties that met property condition standards

Tier	% of properties meeting condition standards	Total
Tier 1	Under 70%	4
	70-85%	1
	86-100%	7
Tier 1 total		12
Tier 2	Under 70%	1
	70-85%	5
	86-100%	8
Tier 2 total		14
Tier 3	Under 70%	59
	86-100%	26
Tier 3 total		85
Grand total		111

The main reason for some providers apparently performing under the threshold is that the property audits were completed on properties transferred by the NSW Government, which required work done to be brought to standard.

We also expect providers to have systems in place to improve those standards, where the condition audit found the property to be below the standard.

A number of providers exceeded the threshold. A number of works were scheduled in previous years and undertaken when the property became vacant.

Table 9: % of properties brought up to property condition standards

Tier	Property Condition	Total
Tier 1	Under 90%	4
	90%+	8
Tier 1 total		12
Tier 2	Under 90%	7
	90%+	7
Tier 2 total		14
Tier 3		85
Grand total *See note		111

*Some Tier 3 providers have no property maintenance responsibility. Property maintenance is conducted by another provider or by the State housing agency. Providers that conduct maintenance of properties managed by Tier 3 providers receive an incentive from the State housing agency and report on the works conducted to the State housing agency.

For asset maintenance (planning and undertaking responsive, cyclical and lifecycle maintenance to maintain property conditions), performance expectations vary between the different tiers of providers. Some providers will be required to have in place systems and processes for responsive, planned and cyclical maintenance. They should be responsive to urgent and non-urgent repairs.

We also expect that providers will employ suitably qualified people to conduct inspections, as well as have a system in place where tenants can request maintenance. Small providers that do not conduct their own asset management, but have arrangements with other agencies, will still need to show they have systems in place to enable a quick response to residents' asset maintenance needs. They are also required to follow up with the agency conducting maintenance that the job is done in a timely manner and that the residents are satisfied.

In terms of maintenance responsibilities, we expect that providers will ensure their properties are well maintained and that maintenance is undertaken in a timely manner by suitably qualified staff or contractors.

We found that providers inspect the condition of each property at least every three years, using people with appropriate qualifications and experience in the building, construction and maintenance fields. We also found that, when necessary, property maintenance issues are identified and escalated within an appropriate system.

Providers scope cyclical and lifecycle maintenance of properties and allocate the budget for maintenance. Providers also set and meet maintenance timeframes in accordance with legal requirements and have in place rolling asset maintenance plans for a minimum period of 10 years with appropriate budget forecasts.

A significant part of the high standards of asset maintenance are urgent and non-urgent repairs of properties.

CASE STUDY G – Successfully meeting property condition standards

This provider reports that 92 per cent of its properties inspected in 2013 met condition standards, so it is well above the 70 per cent threshold. Most properties for which the provider has responsive and planned maintenance responsibility (85 per cent) are under 19 years old, so we would not expect maintenance costs to be particularly high.

Urgent repairs

This metric shows detail of urgent repairs completion at 30 June 2014 (to understand performance against the requirement) however, it can also serve as an explanation of overall satisfaction with a provider's services.

Threshold for this metric is 90 per cent.

Table 10: % of properties that met urgent repairs requirements

Tier	Urgent repairs	Total
Tier 1	90%+	11
	Not applicable*	1
	Tier 1 total	12
Tier 2	Under 90%	1
	90%+	12
	Not applicable*	1
Tier 2 total		14
Tier 3	Under 90%	3
	90%+	38
	Not applicable*	34
Tier 3 total		85
Grand Total		111

*Note: Providers with the 'not applicable' response in this category are affiliated entities and have no asset management responsibility.

Non-urgent repairs

This metric shows the number of non-urgent repairs completed as at 30 June 2014. It should be noted that some providers accumulated work from the previous year that was completed. Threshold for this metric is 80 per cent.

Table 11: % of properties that met non-urgent repairs requirement

Tier	Non-urgent repairs	Total
Tier 1	80%-90%	3
	91%-100%	7
	>100%	1
	Not applicable*	1
Tier 1 total		12
Tier 2	80%-90%	2
	91%-100%	9
	Not applicable*	3
Tier 2 total		14
Tier 3	80%-90%	6
	91%-100%	4
	>100%	46
	Not applicable*	29
Tier 3 total		85
Grand Total		111

*Note: Providers with the 'not applicable' response in this category are affiliated entities that have no asset management responsibility.

Property condition satisfaction

In addition to the overall satisfaction with services by community housing providers, we request that community housing providers seek and obtain feedback from residents concerning their satisfaction with property condition. This is a real life test of the providers' success in this performance area.

Threshold is 75 per cent, however, meeting or not meeting this threshold does not necessarily mean pass or fail.

Table 12: % of providers that met property condition satisfaction standards

Tier	Property condition satisfaction	Total
Tier 1	Under 76%	2
	76%-85%	5
	86%-100%	5
Tier 1 total		12
Tier 2	Under 76%	1
	76%-85%	5
	86%-100%	8
Tier 2 total		14
Tier 3	Under 76%	33
	76%-85%	2
	86%-100%	50
Tier 3 total		85
Grand total		111

Wherever possible, the Registrar observes trends in tenant satisfaction with property condition and expects providers to report all the data in an effort to strive towards resident satisfaction with property condition.

CASE STUDY H – Improving staff skills and systems to achieve tenant satisfaction with maintenance

The provider has systems for monitoring tenant satisfaction with maintenance. This includes phone calls to tenants after all repairs as well as pre-paid postcards for tenants to return, and questions to elicit feedback in regular surveys.

Tenant satisfaction rate (those responding to the relevant survey questions) was 74 per cent for maintenance (just under threshold), however, an 83 per cent rate was recorded for overall condition. There was a 100 per cent satisfaction rate with emergency repairs and 80 per cent satisfaction (equal to the threshold) for non-urgent repairs. Thus, there were overall acceptable levels of tenant satisfaction.

Other evidence shows that the provider has been working to reduce appeals and complaints relating to maintenance by improving staff skills and systems.

Asset development

Community housing asset development projects can involve property construction managed by the provider. Generally, providers enter into a contract with developers or builders who carry out the construction. The project may be part of a larger scheme, which may be divided into stages.

The Registrar expects providers to plan, monitor and review their development program to ensure effective and efficient delivery of new housing.

It is also expected that asset-related projects are delivered on time, on budget and within schedule.

These metrics concern the total number of development projects completed in the year to 30 June 2014, the number within budget, in progress and on schedule; and in progress and on budget.

Those providers who had projects underway delivered 100 per cent on all measures. Future reports will provide more detailed data.

CASE STUDY I – Developing affordable assets

At 30 June 2013, the provider had completed two housing development projects with 15 in progress, all reportedly on time and on budget. Fifty-two units are being developed or completed in 2014 and 97 units in 2016. This is expected to be followed by growth of two units per year to 2023.

The provider's SAMP includes financial metrics, which are used to ensure planned development projects and acquisitions are viable and monitor and manage related financial risk. The provider has a development project management methodology in place, which covers all procedural steps from initial project brief through DA, to defects period and finalising projects.

Feasibility study templates indicate that various development options are considered for a site and depreciation etc. is factored into each.

The Registrar's financial assessment indicates that the provider's planned developments are affordable, with commercial borrowing representing about only eight per cent of total cost of developments over the next five years.

Governance, probity and management

Governance

These performance areas measure how registered community housing providers are well governed to support the aims and intended outcomes of their businesses.

Planning and monitoring performance

The Registrar expects providers to ensure their governing bodies set and implement strategic directions and scrutinise performance through a number of planning measures in order to ensure coherent and robust strategic, operational, financial, business continuity and risk planning.

If a provider has any affiliated entities, its governing body is expected to provide effective control of affiliated entity arrangements – for example, through a group structure agreement, service-level agreement, partnership agreement or contract.

From the sample of 111 providers assessed to date, we have found that providers' governing bodies meet regularly, in quorum, with the treasurer or other financial expertise present or consistent with their constitution. *Table 13* demonstrates the findings.

All providers have met the required metric. From Tiers 1 and 2, 25 providers were 100 per cent quorum and one provider at 91 per cent.

Table 13: % of quorate meetings per Tier

Tier	% Quorate Meetings	Total
Tier 1	91%-100%	12
Tier 1 total		12
Tier 2	91%-100%	14
Tier 2 total		14
Tier 3	Under 80%	15
	80%-90%	5
	91%-100%	65
Tier 3 total		85
Grand total		111

We also found that the majority of Tier 1 and 2 governing bodies have an appropriate sub-committee structure in place, including an audit committee and risk management committee (or similar), with the risk management committee meeting at least four times a year.

Tier 1 and 2 risk management systems implemented by providers are consistent with AUS/NZ ISO 1000:2009.

We also found that affiliated entity arrangements appropriately address:

- relevant corporations law in relation to directors' duties and exposure to liabilities in relation to non-wholly owned subsidiaries
- actual or perceived conflicts of interest and conflicts of duty in the board's decision making.

Where there are shared directors or executives, we considered:

- protocols for managing directors' duties and the sharing of information in accordance with relevant corporations law
- the independence of the chairperson (non-employee of the provider or affiliated entities)
- appropriate balance between independent directors and executive directors
- clear and transparent policies or agreements on affiliated entity arrangements in contracting or sharing services that are relevant to achieving performance outcomes.

All providers assessed have a constitution, charter or equivalent incorporation instrument in place. One of the conditions of registration as a community housing provider under the NRSCH is that providers have in their constitution (or legally equivalent document), a provision for their community housing assets to be transferred to another registered community housing provider or to a housing agency in the jurisdiction in which the asset is located. Only providers that meet this requirement may achieve registration.

We found that all providers have in place documented governance structure and governance policies and procedures and business plans. In addition, all Tier 1 and 2 providers have financial plans, risk management plan and risk register, business continuity plans, systems for monitoring performance against their business plans,

sub-committee structure and associated terms of reference.

Tier 1 providers have demonstrated that they have integrated system and processes for monitoring performance against their business plans, conducting regular financial plan and scenario testing in the event of significant changes to their operating circumstances.

CASE STUDY J – Ensuring robust governance through strategic direction

This provider's risk planning is evident in reporting to its board and within its risk management plan. Operational risk is well covered, both within the company and by the board, through the risk register and the updates to the board by the CEO, CFO and compliance officer.

The Audit and Risk Committee (ARC) uses Terms of Reference (TOR) and is active. Financial management reflects a risk-based approach. The provider's board has a clear intent to focus on strategic issues and decisions and not operational details.

Decision-making controls

The Registrar expects providers to ensure effective, transparent and accountable arrangements and controls are in place for decision-making to give effect to strategic, operational, financial and risk plans.

We require providers to operate across a range of areas in accordance with a code of governance and consistent with the ASX Corporate Governance Principles, which embrace: the roles and responsibilities of the governing body and sub-committees, decision-making processes, managing conflicts of interest, internal business compliance, selection and performance of the CEO.

We found there are no significant and ongoing or repeated failures to achieve the performance outcomes.

We also found that governing bodies that receive reports in key operational areas, assist the primary governing body to make informed decisions.

All providers have in place schedules of delegations for the governing body, management and operational staff, as well as policies and procedures that have been approved by the governing body relating to governance. These detail the responsibilities of the governing body for decision-making.

CASE STUDY K — Ensuring effective, transparent and accountable arrangements are in place for strategic decision-making

The delegation systems for this provider are in place. Its board process includes maintaining ongoing records of agreed actions and progress against these.

The provider has relevant sub-committees in place that undertake developmental work and report to the board. An audit and risk committee and a Governance Nominations and Remuneration Committee (GNRC) both have terms of reference.

The provider's last board review looked at the roles and work of both committees in context of where responsibilities should sit to ensure key risks are adequately covered in an efficient and effective manner.

Complying with legal requirements and relevant government policies

The Registrar expects that providers have systems in place to ensure compliance with all applicable legal requirements and relevant government policies.

We found there have been no significant and ongoing or repeated failures to meet legal requirements and relevant government policies by providers we assessed for registration.

We also expect providers to deal with any instance of non-compliance in a prompt and effective manner and to notify the primary Registrar in a timely manner of any incident related to its operations, and its response, that damages or has the potential to damage the reputation of the community housing sector.

Failure to comply with relevant legal requirements and government policies requires compulsory notification to the Registrar.

In the six months from the start of the implementation of the NRSCH to 30 June 2014, there were no notifications to the Registrar for failure to comply with legal or policy requirements under that system. In the 12 months to 30 June 2014, there were 30 notifications to the Registrar for failure to comply under the NSW Regulatory Code.

Governance skills

The Registrar requires providers to have processes in place to ensure the governing body has members with, or access to, an appropriate range of skills and knowledge to deliver on their business plans and manage the risks in their businesses across a number of areas.

We found that providers' business plans include an objective of maintaining an appropriate governance structure, skills and knowledge. Providers also have and apply clear processes for identifying and acquiring the skills and knowledge needed for effective governance in the context of their business plans. Governing bodies access external advice, independent of the provider's management, where appropriate.

As shown in *Table 14*, we found that the governing bodies undertake governance reviews at least every three years (for Tier 1 and 2 providers every second year), or after a significant change to providers' operations with external input.

The metrics contained in *Table 15* show information about the latest evaluations carried out for the governing body and CEO / senior officer.

Table 14: Governing body evaluation currency of review

Tier	Governing body evaluation currency	Total
Tier 1	Under one year	5
	A year or more	7
Tier 1 total		12
Tier 2	Under one year	11
	A year or more	3
Tier 2 total		14
Tier 3	Under one year	56
	A year or more	29
Tier 3 total		85
Grand total		111

Table 15: CEO performance currency of review

Tier	CEO performance review	Total
Tier 1	Under one year	10
	A year or more	2
Tier 1 total		12
Tier 2	Under one year	12
	A year or more	2
Tier 2 total		14
Tier 3	Under one year	58
	A year or more	27
Tier 3 total		85
Grand total		111

CASE STUDY L – How a multi-skilled board delivers excellence in governance performance

The members of the governing body of this community housing provider possess a range of skills that result in a well-balanced level of expertise. The provider's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Council's principles and recommendations. The board operates with the assistance of various sub-committees to ensure a high level of knowledge and feedback from the operational level of the organisation.

The provider's Corporate Governance Charter and Policies document is key to defining the respective roles, responsibilities and authorities of its board and management in setting the direction, management and control of the organisation. The Risk Management Framework details high-level risks that have the potential to affect the provider as a whole and these are recorded on the Corporate Risk Register. The provider also undertakes an annual risk assessment, using data sources from risk registers.

Probity

These performance areas measure how registered community housing providers maintain high standards of probity relating to their businesses.

Code of Conduct – currency of review

The Registrar requires a provider to have a Code of Conduct that is designed to ensure it maintains high standards of probity across a number of areas. A review of the Code of Conduct may be programmed at intervals to ensure it remains relevant and up to date and may be triggered by a significant event (i.e. a failure or substantial change in the provider's business activity).

We found that all board members, staff members and volunteers have provided a written undertaking that they understand and will comply with the Code of Conduct; that providers regularly promote the code; and that there have been no significant and ongoing or repeated failures to abide by it.

Table 16 shows the frequency of the review of the Code of Conduct of the 111 Tier 1, 2 and 3 providers at the time of their application for registration as community housing providers under the NSRCH.

Table 16: Code of Conduct currency of review

Tier	Code of conduct review	Total
Tier 1	Under one year	11
	A year or more	1
Tier 1 total		12
Tier 2	Under one year	9
	A year or more	5
Tier 2 total		14
Tier 3	Under one year	54
	A year or more	31
Tier 3 total		85
Grand total		111

CASE STUDY M – Establishing and administering a Code of Conduct

This community housing provider has adequate systems in place to support probity and minimise risk of fraud. Its policies around contractor selection, procurement, employment and other acquisitions address potential conflict of interest, transparency and equity.

The provider has appropriate policies and procedures in place on privacy, whistleblowing and gifts and benefits.



Fraud and corruption: currency of review

The Registrar expects providers to establish and administer a system for preventing, detecting, reporting on and responding to instances of fraud, corruption and criminal conduct.

We found that the providers' systems are consistent with good practice established by relevant anti-fraud, anti-corruption and anti-crime agencies and professional standards bodies. There have been no significant and ongoing or repeated instances of fraud, corruption or criminal conduct.

Table 17 shows the currency of providers' reviews of their systems for the prevention, detection and reporting on and responding to matters of fraud, corruption and criminal conduct.

Table 17: Fraud and corruption currency of review

Tier	Code of conduct review	Total
Tier 1	Under one year	11
	A year or more	1
Tier 1 total		12
Tier 2	Under one year	8
	A year or more	6
Tier 2 total		14
Tier 3	Under one year	56
	A year or more	29
Tier 3 total		85
Grand total		111

Employment and appointment checks

The Registrar requires providers to have a system in place for conducting checks for governing body members, employees, volunteers and agents commensurate with the requirements of the position in relation to referees and previous employment, criminal record, bankruptcy, working with children and working with the aged.

There have been no reports to the Registrar of significant and ongoing or repeated failures to conduct appropriate employment and appointment checks by providers assessed for registration.

In reaching this view, we have looked at providers' systems or processes to undertake employment and appointment checks, and employment check policies and procedures together with a sample of employment and appointment check forms.

CASE STUDY N – Sound recruitment practice through employment and appointment checks

This provider undertakes employment checks and did so for six new positions filled in 2013. The recruitment and selection policy includes employment checks as contacting referees provided by the applicant.

The Code of Conduct for directors was last reviewed in December 2013 while the Code for employees was also reviewed at the same time. Both are within the acceptable time in terms of the required metric.

In 2013, the provider won a PwC Transparency Award for the most improved charity. These awards recognise those charities with the most rigorous and transparent reporting on financial performance, governance and strategy.

Reputation of the community housing sector

The Registrar expects providers to maintain the reputation of the community housing sector at all times.

To this effect, a provider must have a system in place for notifying the Registrar of any incident relating to its operations – as well as its response – that damages or has the potential to damage the reputation of the community housing sector.

Management

The Registrar expects providers to demonstrate they utilise their community housing assets and funding to meet business goals.

We found that providers' business planning processes include an assessment of costs and returns on assets and funding to meet business goals.

We also expect providers to manage community housing assets in the most efficient way, commensurate with their circumstances.

We use several metrics to establish how providers meet this requirement: occupancy rate, tenancy turnaround where the property can be tenanted, property turnaround where the property cannot be tenanted, and percentage of rent outstanding and rent foregone.

These measures, together with thresholds of performance, are given in Tables 19 and 20.

Occupancy rate

This metric is used primarily to assess whether the provider is utilising its assets and funding to meet business goals. It is also used in assessing tenancy management.

Threshold for this metric is 97 per cent.

Table 18: Occupancy rate

Tier	Occupancy rate	Total
Tier 1	Under 97%	1
	97%+	11
Tier 1 total		12
Tier 2	Under 97%	4
	97%+	10
Tier 2 total		14
Tier 3	Under 97%	47
	97%+	38
Tier 3 total		85
Grand total		111

Properties that can be tenanted (T)

This metric shows the number of vacant tenanted units at 30 June 2014.

Threshold for this metric is 14 days.

Table 19: Properties that can be tenanted (T)

Tier	Tenancy turnaround	Total
Tier 1	Under 14 days	4
	14 days +	8
Tier 1 total		12
Tier 2	Under 14 days	7
	14 days +	7
Tier 2 total		14
Tier 3	Under 14 days	73
	14 days +	12
Tier 3 total		85
Grand total		111

Properties that cannot be tenanted (U)

This metric shows the number of vacant untenable units at 30 June 2014.

Threshold for this metric is 28 days.

Table 20: Properties that cannot be tenanted (U)

Tier	Tenancy turnaround	Total
Tier 1	Under 28 days	8
	28 days +	4
Tier 1 total		12
Tier 2	Under 28 days	10
	28 days +	4
Tier 2 total		14
Tier 3	Under 28 days	80
	28 days +	5
Tier 3 total		85
Grand total		111

Rent management

The Registrar expects community housing providers to manage rent matters in an efficient manner, meeting required performance standards for rent arrears and rent foregone.

Rent outstanding

This metric shows the total rent outstanding from current and ex-tenants as at 30 June 2014. It represents the total loss from unpaid rent from current and ex-tenants for the period.

This includes rent from current and ex-tenants that has not been written off to bad debts, and therefore, deemed collectable by the provider.

Threshold for this metric is 2.5 per cent.

Table 21: Rent outstanding

Tier	Rent outstanding	Total
Tier 1	Under 2.5%	9
	2.5% +	3
Tier 1 total		12
Tier 2	Under 2.5%	10
	2.5% +	4
Tier 2 total		14
Tier 3	Under 2.5%	78
	2.5% +	7
Tier 3 total		85
Grand total		111

Rent foregone

This metric shows the total rent foregone (vacant tenable) – the amount of 'Rent foregone' due to each 'vacant tenable tenancy unit' being vacant, combined into one total figure for the year.

Rent foregone is calculated as average rent charged per unit in the last financial year, a daily rate times the number of days vacant. Threshold for this metric is five per cent.

Table 22: Rent foregone

Tier	Rent foregone	Total
Tier 1	Under 5%	12
	5% +	1
Tier 1 total		12
Tier 2	Under 5%	13
	5% +	1
Tier 2 total		14
Tier 3	Under 5%	69
	5% +	16
Tier 3 total		85
Grand total		111

The Registrar requires providers to implement appropriate management structures, systems, policies and procedures to ensure the operational needs of their businesses can be met (including having people with the right skills and experience and the systems and resources to achieve intended business outcomes).

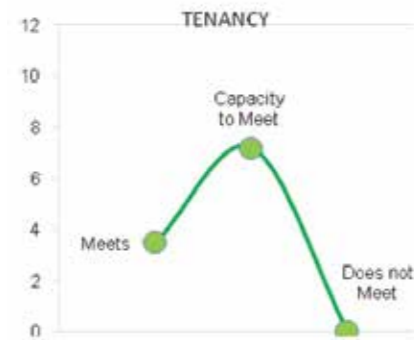
We found that the providers' management structure, systems, policies and procedures are subject to regular reviews and enhancement. These are reviewed when there has been significant change to the scale and scope of a provider's business, so they remain fit for purpose.

Performance of PARS providers

Tenancy numbers

The 11 AHO-registered providers from the last registration round in FY2013-2014 showed strength on all the requirements for tenancy measures. This is not surprising, as all of these organisations prior to their PARS registration have been established for their communities to meet a variety of purposes, such as health, culture and heritage, employment, community services, and are very sensitive to community needs. In addition, they are community controlled and managed. However, based on their registration assessment, there are still areas of improvement.

Fig. 3: PARS providers' tenancy performance for 2013/2014



Recommendations under this performance area involved developing or updating eligibility policies, improving complaints and appeals policies, clearer rent policies, and establishing, reviewing and updating processes. Recommendations also outlined improved procedures or systems for obtaining feedback and formulating analysis of the pattern of complaints or appeals on provider assessment reports, and monitoring and reporting of agreements.

CASE STUDY O – Maximising tenant satisfaction by increasing their opportunities to access community activities

Background: The provider is registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*. It is a Class 4 provider. It provides affordable quality housing to assist Aboriginal and Torres Strait Islander people in south-western NSW. The provider seeks to maximise opportunities for tenant support by increasing access to social, cultural and economic activities and improving services it offers to the community.

Assessment: Overall, this corporation appears to possess fair and transparent tenancy management processes, and has robust feedback, monitoring and recording policies and procedures in place. It also appears to support its tenants through various communication channels.

Recommendations: The provider needs to continue improving its housing policies and procedures, and have them endorsed by its governance body. Further, it should demonstrate how it monitors and reports on its tenant support arrangements, as well as review, then implement, policies and procedures for complaints and appeals.

Community engagement

From undertaking registration assessment activity, it is evident that AHO-registered providers participated in community activities and promoted Aboriginal community housing within their local government areas.

It was also clear that AHO-registered providers work closely with their tenants in ensuring their tenants are supported in their tenancies. While this demonstrates AHO-registered providers are active in their communities, it was evident from registration assessment reports that providers need to enhance the monitoring and reporting on the adequacy of support arrangements and agreements with support agencies.

CASE STUDY P – Sustaining tenancies by promoting community events

Background: This provider has a Community Land and Business Plan – legislated under the *Aboriginal Land Rights Act 1983* – which provides specifically for promoting and participating in cultural events and protecting areas of cultural significance to encourage the community to join together.

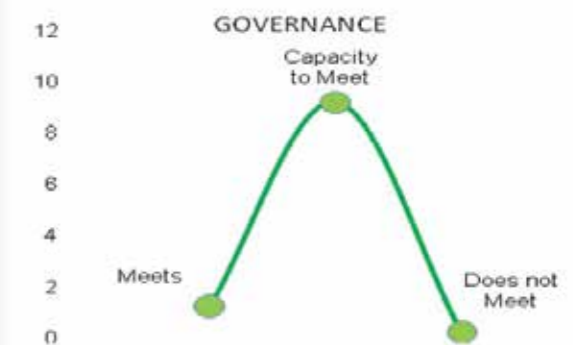
Assessment: The provider has a sound understanding of community engagement and involvement and utilises community meetings and surveys of tenants of its rental properties to identify service delivery issues in the community, particularly in monitoring the adequacy of support services. The provider's relationship with numerous support service agencies, such as medical services, home care, culture and heritage agencies is strong. It is able to provide evidence that it ensures tenants with support needs receive appropriate support, as well as evidence that it promotes the benefits of Aboriginal community housing through its various community involvements.

Sound governance

AHO-registered providers recognise the need for more robust governance and efficient management of their operations. This involves providers having the ability to deliver housing services in the most relevant, efficient and cost-effective way. It relies on having skilled boards that provide long-term organisational guidance and accurate articulation of community needs, reliable management processes, and effective financial management.

Evidence from the assessment of 11 providers registered under PARS in FY 2013-2014 suggests that they have relevant governance policies, systems and procedures, however, require some changes to make them more effective in discharging their governance responsibilities.

Fig. 4: PARS providers' governance performance for 2013/2014



CASE STUDY Q – Developing governance skills to match provider scale and operations

Background: The provider has significant legacy issues with the skills of its governance body. The lack of continuity with its governance body and staff also negatively affected its service delivery. In addition, the organisation was closed for extended periods several times.

Assessment: Assessment of the governance body indicated that in several instances, it failed to effectively perform its duties, according to its legislated responsibilities, legal requirements, and its rule book. This failure impacted on its performance across all areas, mostly in its business planning and systems to manage its day-to-day business, which requires significant improvement.

There is evidence that the newly appointed governance body has a range of expertise to match the scale and scope of its operations, and is taking steps to address inherited governance issues. The governance body had also started to closely monitor the provider's performance.

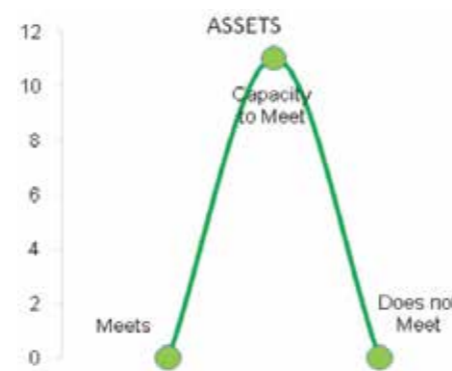
Recommendations: The provider's governance body has formulated an action plan as a response to the assessment report, particularly to key areas, which require improvement. This action plan includes maintaining an appropriate and skills-based governance structure and a monitoring and review process to assess progress. In addition, it needs to develop a policies and procedures manual; a system to monitor compliance with various legal and legislative requirements, and professional standards; a system to review its business or operational plan; and a system for identifying and managing risks.

Asset management

While there is evidence that AHO-registered providers have established policies, systems and processes, and that they undertake repairs and maintenance of their properties, there is also a requirement under this performance area for these activities to be regular and scheduled. The registration assessment reports of these providers indicate that they need to undertake some changes in the way they maintain their rental properties. These changes will help ensure in the long-term that repairs and maintenance are more cost effective.

Recommendations on this performance area involved primarily the need to formulate, document, and/or implement maintenance planning.

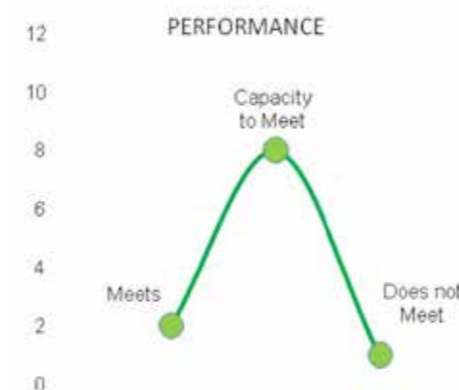
Fig. 5: PARS providers' asset management performance 2013/2014



Delivering competitive Aboriginal community housing

Most AHO-registered providers are small organisations. Despite their size, the majority show they are capable of meeting their obligations and are delivering good outcomes.

Fig. 6: Performance of PARS providers



Providers' ability to grow hinges on many factors, including their ability to manage and control rental arrears and reducing void rates.

The PARS team make recommendations in relation to voids and rental arrears. The majority of AHO-registered providers had recommendations on voids and rental arrears. By improving their ability to manage rental arrears and void rates, they will increase their revenue base on which to grow.

The 11 AHO-registered providers in FY 2013-2014 showed strength on all the requirements for tenancy measures. This is not surprising, as all of these organisations have been established for their communities and are community controlled and managed.

CASE STUDY R – Improving performance through control and management of rental arrears

Background: The provider is a local Aboriginal land council, which aims to identify and preserve sites of cultural significance; improve the environmental, cultural, economic and social values of its land; develop effective, profitable businesses that improve or create employment opportunities; and provide affordable housing. It has several businesses.

Assessment: The provider suffered losses in its affordable housing business. These losses, however, were mitigated by strong returns from other business activities, such as commercial rent and consultancy services. The provider reported an average 5.5 per cent EBITDA margin for FYs 2010/2012, and expected its financial performance for FY 2013 to continue to improve, particularly with its affordable housing business. It also reported an average 2.36 working capital ratio in the FYs 2010/2012, which indicated it did not have any concern meeting any immediate debt obligation. The provider's liquidity position could deteriorate if it cannot resolve substantially its rental arrears of its aged receivables.

Conclusion: The provider achieved positive operating results during the FYs 2010/2012 with a healthy balance sheet. Its outlook is encouraging, as it expects to turn around the performance of its affordable housing business by developing a repayment schedule to manage rental arrears in the future and by pursuing more vigorously growth as per its business plan.

Financial performance

Sector financial information – a sample

Community housing providers must be financially viable at all times. Assessment of financial viability relies on financial and operational data submitted by providers in a format set by the Registrar – the Financial Performance Report (FPR). Financial analysts in the Registrar’s office check the validity of the data in the FPR against providers’ audited financial statements and other relevant information. Three years of historical data is required for Tier 1 and 2 providers and two years for Tier 3 providers. The audited financial data available for registration assessments conducted before 30 June 2014 relate to the financial year ended 30 June 2013 because this data has been audited and presented to providers’ governing bodies and Annual General Meetings and represents the most reliable financial information available. In addition to the historical information, the Registrar requires providers to submit their current budgets and appropriate financial forecasts.

Strategic planning and monitoring that takes into account financial issues (including strategic and day-to-day management of community housing assets and the capacity to service loans), is important for large providers. Opportunities for growing social housing create risks such as establishing new partnerships and accessing private funds. Assessments have highlighted that robust financial systems, controls and risk management are integral to financial sustainability.

Tier 1 and 2 providers registered under the NRSCH as at 30 June 2014

There were 13 NSW community housing providers registered under the National Regulatory System for Community Housing (NRSCH) as at 30 June 2014.

This part provides a snapshot of the financial performance of those 13 registered providers under the NSW primary jurisdiction. The analysis of the sector financial performance considers 12 community housing providers registered in the Tier 1 or 2 category. These 12 providers consist of seven Tier 1 community housing providers and five Tier 2 community housing providers.

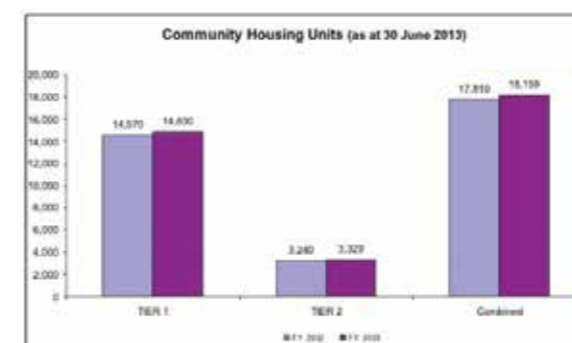
There is one Tier 3 community housing provider registered under NRSCH as at 30 June 2014, which is not included in this analysis. This is to comply with confidentiality agreements not to disclose financial and non-financial information for a single community housing provider.

This has been a transition year for the sector with providers applying for registration under the NRSCH. This means that the financial information is limited to a small number of providers and comparisons with previous years’ reports is not possible.

The overall financial position given for the sector is in respect of financial information for the 12 registered Tier 1 and Tier 2 providers as at 30 June 2013.

The tables and graphs present a year-on-year performance for combined Tier 1 and Tier 2 providers and a breakdown by tiers.

Fig. 7: Number of community housing units as at 30 June 2013



The number of community housing units owned and or managed by these Tier 1 and 2 providers grew by two per cent or 349 units in FY2013 compared to FY2012. It is acknowledged that there may be some minor inaccuracies in the number of community housing units reported by providers due to data entered into the Financial Performance Report (FPR).

Fig. 9: Total operating revenue by tier FY 2013

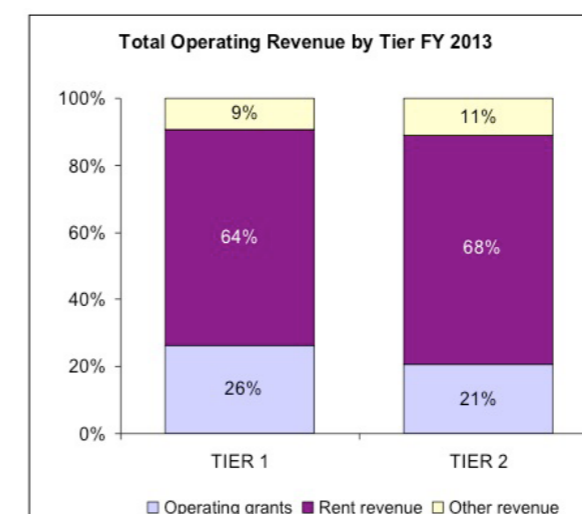


Fig. 10: Asset values by tier FY 2013

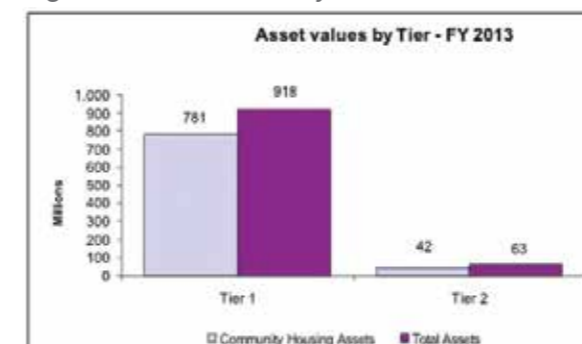
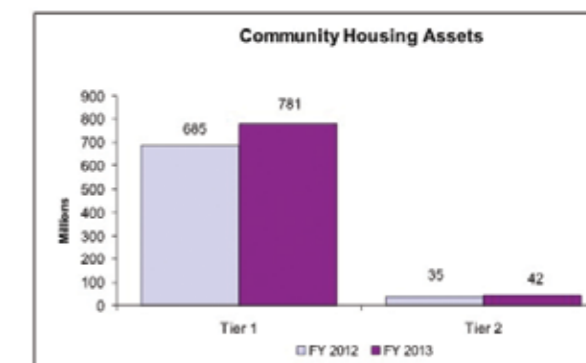


Fig. 8: Community housing assets



Community housing assets represented 84 per cent of total assets for combined Tier 1 and 2 providers in FY 2013. This ratio was 85 per cent for Tier 1 providers and 67 per cent for Tier 2 providers in FY 2013.

Community housing assets for these combined Tier 1 and 2 providers increased by 14 per cent (or \$102.7 million) to \$822.9 million in FY 2013 compared to FY 2012. This was mainly as a result of title transfer but also includes some new development. The growth in value of community housing assets was attributable to growth of ownership by Tier 1 providers. Community housing assets for Tier 1 providers increased by 14 per cent (or \$96.1 million) in FY 2013. Tier 2 providers increased their community housing asset value by 19 per cent (or \$6.6 million).

Fig. 11: Interest bearing debt by tier

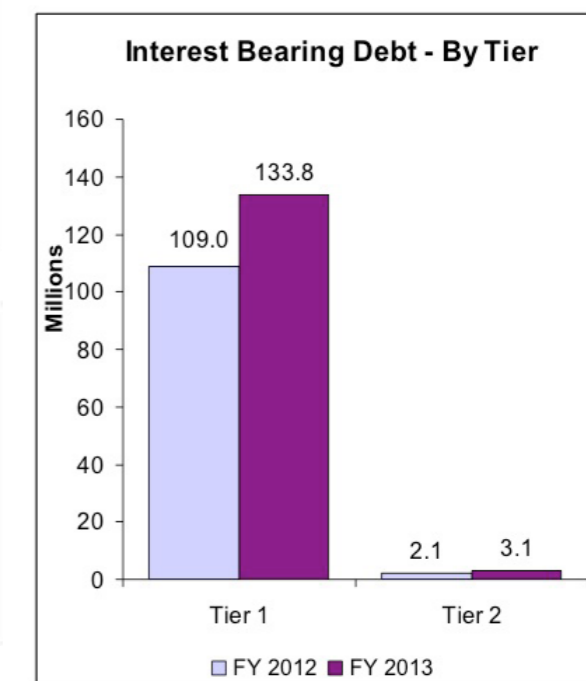
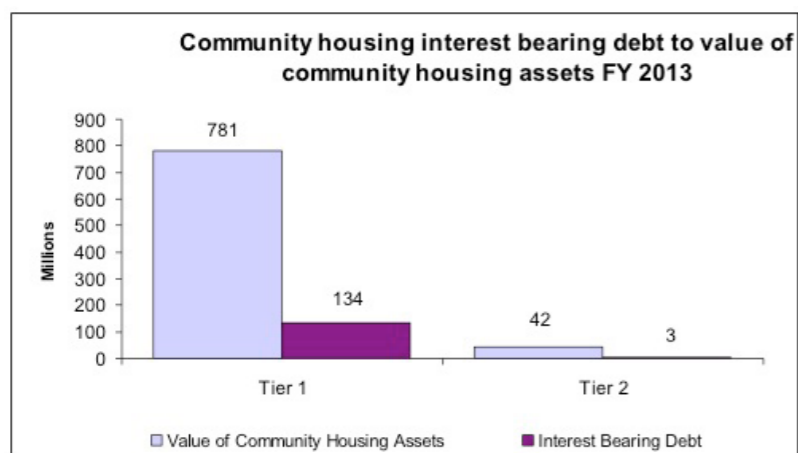


Fig. 12: CH interest bearing debts to value of community housing assets FY2013

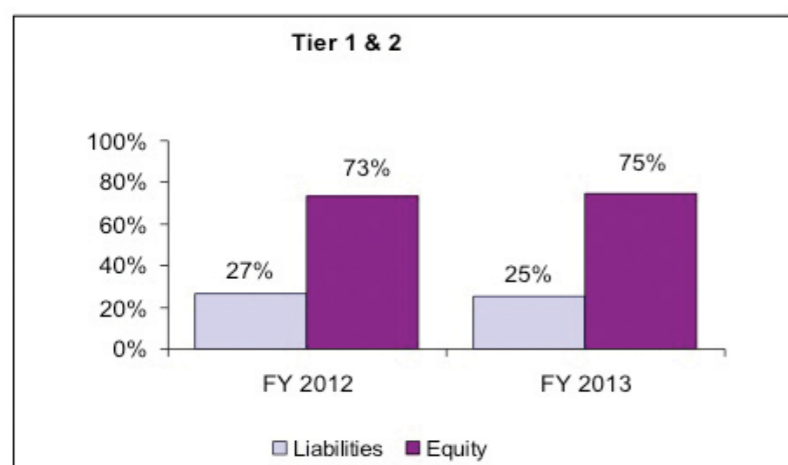


Tier 1 providers had 98 per cent of interest bearing debt for combined Tier 1 and 2 providers in FY 2013. Tier 1 providers increased their interest bearing debt by 23 per cent (or \$24.8 million) to \$133.8 million in FY 2013 compared to FY2012. Interest bearing debt for Tier 2 providers increased by 48 per cent (or \$1 million) to \$3.1 million in the same year.

All interest bearing debt for Tier 1 and 2 providers relates to the funding of community housing assets notably, the requirement to meet leveraging targets as a condition of title transfer from the NSW State Government.

The loan to value ratio (LVR) represents the value of the community housing assets in comparison to interest bearing debt related to community housing activities. LVR for Tier 1 and 2 providers were 17.1 per cent and 7.1 per cent respectively in FY 2013.

Fig. 13: Debt to equity ratio



Capital structure refers to the combination of equity and liabilities to finance overall operations and growth. The proportion of equity and liabilities for combined Tier 1 and 2 providers changed slightly over the FY 2013.

Combined Tier 1 and 2 providers recorded an increase in total liabilities of two per cent and an increase in equity of 11 per cent in FY 2013 compared to FY 2012.

Key financial ratios

	Combined Tier 1 and 2	
	FY2012	FY2013
EBITDA Margin (%)	17.6%	17.9%
Working Capital Ratio (times)	1.1	3.2
Operating Cash Adequacy (%)	128.1%	116.7%
Gearing Ratio (%)	21.1%	20.3%
Interest Coverage Ratio (times)	7.5	5.9

The operating performance of combined Tier 1 and 2 providers measured through the EBITDA margin shows a slight increase from 17.6 per cent in FY 2012 to 17.9 per cent in FY 2013. This ratio is calculated with EBITDA (i.e. earnings before interest, tax, depreciation and amortisation), which is based on operating surplus adjusted for interest costs, taxation, and depreciation. This ratio also excludes government capital grants, income recognised from vested properties, and unusual and non-recurrent items such as fair value gains and profit or loss on disposal of assets.

Working capital ratio improved from 1.1 times in FY 2012 to 3.2 times in FY 2013. This ratio reflects the reclassification of debt following accounting standards from current interest bearing debt to non-current interest bearing debt of one Tier 1 provider in FY 2013.

The ability to generate cash flows from operating activities measured through the operating cash adequacy ratio decreased from 128.1 per cent in FY 2012 to 116.7 per cent in FY 2013. This decrease was mainly driven by one Tier 1 provider, which received a one-off operating revenue inflow, inflating the ratio in FY 2012.

Gearing ratio improved slightly, which is consistent with the improvement in capital structure for combined Tier 1 and 2 providers. However, interest cover ratio decreased to 5.9 times in FY 2013, reflecting an increment in interest expense and the stability of EBITDA.

Key financial ratios

	Combined Tier 1 and 2		
	FY 2012	FY 2013	Variance
	\$Millions	\$Millions	(%)
Income Statement			
Government Operating Grants Received	53.2	66.4	24.7%
Rent Revenue	151.5	169.8	12.1%
Other Revenue	53.4	24.9	(53.4%)
Total Operating Revenue	258.1	261.0	1.1%
Operating Expenses	210.2	212.0	(0.8%)
Depreciation	4.0	3.7	8.1%
Interest Expenses	6.0	7.9	(30.8%)
Total Operating Expenses	220.3	223.6	(1.5%)
Net Operating Surplus	37.9	37.5	(1.1%)
Government Capital Grants	51.3	39.7	(22.5%)
Unusual and Non-Recurring Items	5.9	(2.0)	(134.1%)
Net Surplus	95.1	75.2	(21.0%)
Balance Sheet			
Cash & short term investments	89.7	88.0	(1.9%)
Other current assets	38.4	37.9	(1.3%)
Current Assets	128.1	125.9	(1.7%)
Community Housing Assets	720.2	822.9	14.3%
Other Non-Current assets	57.6	32.3	(43.9%)
Non-Current Assets	777.8	855.3	10.0%
Total Assets	905.9	981.2	8.3%
Current Interest Bearing Debt	64.0	2.6	95.9%
Other Current Liabilities	57.7	41.9	27.4%
Current Liabilities	121.7	44.6	63.4%
Non-Current Interest Bearing Debt	47.1	134.2	(184.7%)
Other Non-Current Liabilities	73.0	67.2	7.9%
Non-Current Liabilities	120.1	201.4	(67.7%)
Total Liabilities	241.8	246.0	(1.7%)
Net Assets	664.1	735.1	10.7%
Retained Earnings	523.9	593.3	13.2%
Reserve	140.2	141.8	1.2%
Total Equity	664.1	735.1	10.7%
Statement of Cash Flows			
Cashflows from Operating Activities (Net of Capital Grants)	54.7	35.0	(36.1%)
Cash Flow from Investment Activities	(104.2)	(58.4)	43.9%
Cash Flow from Financial Activities	41.5	21.7	(47.6%)
Net Cash flow	(8.0)	(1.7)	78.5%
Opening Cash balance	97.7	89.7	(8.2%)
Closing Cash balance	89.7	88.0	(1.9%)

CASE STUDY 5 – Sound performance achieved through robust financial management

A nationally registered Tier 1 provider managing over 2,000 properties in NSW only, this provider supplied evidence to the Registrar – as part of its registration return – which was of a high standard. The provider established it had in place processes appropriate for its organisational needs and had a strong understanding of the National Regulatory System. The evidence provided with the return was appropriately tailored to satisfy the Registrar's requirements regarding Performance Outcome 7: Financial Viability.

Evidence demonstrated that established financial controls in place were appropriate for the provider's current and expected needs. The financial risk management documents covered all key risks and were clearly linked to the general planning documents. The financial risk management information provided to its governing body is robust and includes both detailed qualitative information as well as rigorous financial modelling.

The provider supplied evidence demonstrating it has analytical financial risk management practices in place. Financial scenario testing models were provided, which were used to test leveraged development proposals – typically, the riskiest activity undertaken by community housing providers. The provider has supplied financial forecasts, which are conservative yet realistic and consistent with its financial policies.

Throughout the registration process, the provider displayed a willingness to provide the Registrar with accurate and up-to-date financial information and sought clarification when necessary.

Sector financial information from PARS

The Aboriginal community housing sector has performed very well in the FY 2013-2014. Its profitability based on Earnings before Interests, Taxes, Depreciation and Amortisation (EBITDA) margin has improved over the previous years FY 2011/2013. A working capital ratio of 2.6 that improved over the previous period shows the sector can meet its short-term obligations.

The same can be said of its ability to cover any annual payments for long-term debts, with its operating cash adequacy of 108.4.

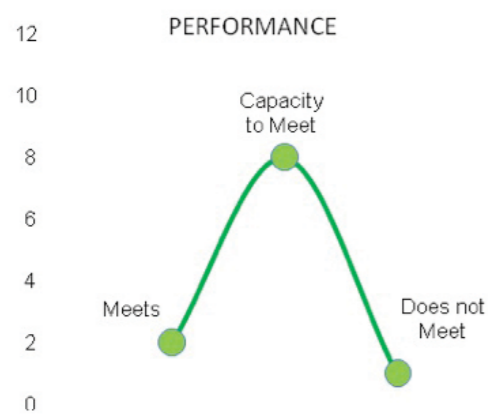
In the long-term, the sector appears to be viable and sustainable. Over the past four financial years, the sector's EBITDA margins, working capital ratios, and operating cash flow ratios were well above the thresholds specified in the Registrar's financial performance indicators. There are even several indicators, e.g. EBITDA trend, working capital ratio that support that the sector is capable of growth, especially if expenses relative to wages can be controlled.

The sector also would benefit if it has robust policies on preventing fraud, managing rental arrears, supported by skilled and strong governance structures, all of which have been identified in registration assessment reports of the 11 providers registered as AHO providers in FY 2013/2014.

Data used are aggregated from the 40 AHO registered providers that went through PARS in the past four years.

NUMBER OF UNITS OWNED AND MANAGED	862
NUMBER OF	1574
TOTAL REVENUE	\$6.7mil
Rent revenue	\$3.7mil
Rent revenue Class 4	\$3.0mil
ABORIGINAL COMMUNITY HOUSING PROPERTIES	1623
EBITDA MARGIN	8.1%
NET ASSETS	\$40mil

Fig. 14: PARS providers' financial performance 2013/2014





3 Part Three: Our Regulatory Activities

Building the NRSCH

- The new National Regulatory System for Community Housing enables consistent, flexible and proportionate regulation of community housing providers across Australia.

A new era in community housing

The community housing industry plays an important role in addressing housing need in Australia, particularly for vulnerable people. However, the growth of community housing has been impeded by a lack of consistent monitoring and reporting of performance outcomes across the States and Territories.

The solution was the development of a consistent national regulatory framework through an applied law scheme, the National Regulatory System for Community Housing (NRSCH). The development of the NRSCH took place over three years and was a result of extensive collaboration between Commonwealth and State and Territory Governments. NSW led the development, with input from a National Working Group and Industry Consultative Forum.

The NRSCH has been implemented successfully in all participating jurisdictions through enabling legislation enacting the Community Housing Providers National Law. The NRSCH is being transitioned over an 18-month period, with all community housing providers being registered by June 2015.

The new system fully commenced on 1 January 2014

The end result of the implementation of the NRSCH is a consistent national regulatory system that sets performance outcomes for all registered community housing providers. Critically, it also measures outcomes for community housing tenants, who include some of the most vulnerable people in our community.

It makes it easier for lenders to understand the operations of community housing providers and to assess credit risk.

The NRSCH system makes it simpler for providers to operate Australia-wide. Providers need only register in one participating jurisdiction to be able to operate in any of the others, thereby reducing their regulatory burden and potentially supporting the growth in the sector.

Large and small providers should both realise benefits from common regulatory standards, and the scope to operate and build relationships across borders and over time, seeing greater recognition of the value community housing providers contribute to meeting housing needs.



Members of the team behind the implementation of the NRSCH. Pictured (L-R): Stephanie Smith, David Brett, Dr Pamela Hanrahan, Leonie King, Siobhan Moran, Darren Saint, Clive Morgan.

Australian Awards for Excellence in Public Sector Management

Recently, the work of the team involved in the implementation of the NRSCH was acknowledged with a nomination for the Australian Awards for Excellence in Public Sector Management. These pre-eminent Public Sector Awards aim to encourage and recognise better practice and innovation in all levels of government in Australia.

“A well managed job”

Wendy Hayhurst, Manager Regulation, discusses her role in the implementation of the NRSCH.



“I was involved in the later development stages of the registration process in the absence of the Registrar at that time. I thought it was extremely well organised by the National Project Team, given

the number of jurisdictions involved with both different approaches to and previous experiences of regulation. Given the short timescales, it was an incredibly well managed job to get to a consensus about the regulatory practice in such a short time.

“I started work with other Registrars in about June/July 2013 and within six months we had developed the framework. Of course, there had been considerable negotiation prior to this time with the various housing agencies about policy but the practical details, including getting the IT systems up and running, remained to be completed. It was an exciting

time overall. There was plenty of involvement with front line regulatory staff from all over Australia, as well as statewide briefings and consultation with NSW providers.

“We launched registration in January 2014 and, bar a few tweaks, it has worked well and feedback has been generally positive.

“We are well on the way through the NSW registration program and by 30 June 2015, NSW will have made registration determinations for every provider that has started the process.

“At the moment, we are just about to start the first compliance program for providers who were registered as either Tier 1 or Tier 2 on or before 30 June 2014. We will be using this first program to test out our approach before the first major compliance round in October 2015.”

NRSCH registration briefing sessions

In the period 1 July 2013 to 30 June 2014 we held 10 NRSCH registration sessions.

Sessions were held in:

- 2 December 2013 – Sydney
- 3 December 2013 – Parramatta
- 15 April 2014 – Sydney
- 7 May 2014 – Sydney

- 29 May 2014 – Newcastle
- 5 June 2014 – Lismore
- 12 June 2014 – Wollongong
- 19 June 2014 – Sydney
- 26 June 2014 – Parramatta
- 3 July 2014 – Queanbeyan

CASE STUDY T: The NRSCH registration process

Tier 1 provider Pacific Link Housing was one of the first NSW community housing providers to be registered under the NRSCH in June 2014. The organisation was recently recognised as a leader by the Australasian Housing Institute through three awards for excellence in the annual AHI State awards for NSW.

Daphne Wayland, Compliance and Risk Manager, offered the following advice regarding the registration process:

“Have well-developed policies, systems, reports and documentation before you start the lodgement process – this is where the real work in registration lies and it’s easier for mature organisations to achieve,” Daphne says.

“Ensuring good document management organisation is important, as the volume of paperwork can be daunting.

“Engage your management team early in the process to report on the metrics, which in many cases will align with internal KPIs.

“Also, keep your analyst well briefed as you progress through the process. Interpretation of definitions in the guidance material can be challenging,” she says.

“As an early participant in the process, community housing provider Pacific Link took a role in clarifying our understanding within the Registrar’s office, which hopefully, will make it easier for other providers coming through the process.

“The good news is that, for those who have already registered under the NSW system, the mechanics and look and feel of the lodgement portal are familiar.”



Team players: The Pacific Link team at Central Coast Stadium, Gosford

Sector profile

NSWRC

As at 30 June 2014, there were 212 providers registered under the NSW Regulatory Code. For 2013/2014, there were 148 compliance assessments undertaken, 22 cancellations of provider registrations and four new entrants registered. The Regulatory Code is winding down and from 1 July 2015, only the NRSCH will operate.

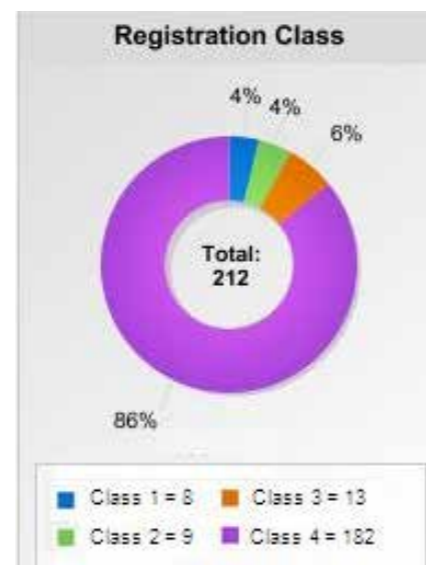
NRSCH

Full implementation of the new national system began on 1 January 2014. As at 30 June 2014, 16 organisations have been registered under the NRSCH nationally and are listed on the national register. Thirteen of these are in New South Wales.

PARS

As at 30 June 2014, there were 43 providers registered by the AHO under PARS. Fifty-one per cent are local land councils, 30 per cent are Aboriginal corporations, seven per cent are Aboriginal companies, nine per cent are Aboriginal cooperatives and two per cent are incorporated associations. Class 4 providers represent 67.4 per cent while 32.5 per cent are Class 3.

Fig. 15: Number of providers registered under the NSW Regulatory Code as at 30 June 2014



Compliance

The past year has been a year of transition from the NSW-based system to the NRSCH. In 2013/2014, the Registrar of Community Housing has undertaken a number of compliance assessments of NSW registered community housing providers under the NSW Regulatory Code.

A small number of providers are still being assessed for compliance under the NSW Regulatory Code. The Registrar cannot start the registration assessment of these providers under the National Law until the compliance engagement under the NSW system has been completed and there are no outstanding compliance issues.

The transitional period for NSW registered providers expires on 30 June 2015. By this date, all providers registered under the NSW system of regulation of community housing providers must be assessed for registration under the national system.

Compliance assessments

The platform for the Registrar's work in assessing NSW registered providers' compliance with the NSW Regulatory Code has been the Compliance Framework developed under the NSW regulatory system. The Framework has served as the operative guidance for compliance activity under the *Housing Act 2001* (NSW) until the commencement of the NRSCH.

The approach to ensuring compliance was intended to minimise the impact and burden of regulatory system changes for the sector while allowing a streamlined transition to the national arrangements.

The Registrar's approach has been, and continues to be, to promote a culture of voluntary compliance through sector engagement and to detect and address non-compliance at the earliest opportunity.

Compliance assessments under both systems involve a registered provider submitting relevant information and evidence to the Registrar's office. The Registrar responds to areas for improvement or non-compliance by identifying the action the provider should take to improve performance and bring the organisation to compliance. The provider is given the opportunity to remedy the matters. The compliance action taken by the Registrar includes making observations and recommendations and issuing notices.

During the 2013/2014 financial year, a total of 148 compliance assessments were completed under the NSW Regulatory Code with the following compliance outcomes – see Table 23.

Table 23: Compliance outcomes 2013/2014

	Observations	Recommendations & observations	Notice of non-compliance	Notice of intent to cancel registration
No of providers receiving compliance outcomes 2013/2014	27	71	4	3

Enforcement

Of the 101 Registered Class 4 providers that had undergone compliance assessment, four had more than one compliance assessment during the 2013/2014 Financial Year.

In addition, the Registrar conducted a compliance check on 37 registered Class 1, 2 and 3 providers between October and December 2013 to ensure the previous recommendations were met in an acceptable way and that the providers continued to be solvent and operate in a financially viable manner.

Class 1, 2 and 3 providers who participated in Phase One of the NRSCH implementation did not undergo the October 2013 compliance check. Providers operating under a notice of non-compliance or a notice of intent to cancel, completed a full compliance assessment and had to demonstrate compliance before undertaking the assessment. All providers had to demonstrate compliance before undertaking the assessment for registration under the NRSCH.

Compliance during transition

During the transition period, the Registrar will not carry out compliance assessments under the NSW Regulatory Code except in the following circumstances:

- where a compliance assessment is currently underway this will be completed
- where a provider is currently operating under a notice of non-compliance or a notice of intent to cancel registration. In these circumstances the compliance assessment will be carried out under the current NSW regulatory system before registration under the NRSCH commences for that provider
- where a compliance assessment is triggered by the outcome of an investigation into a complaint, advice or notification made to the Registrar.

Policy and funding decisions remain separate from regulation under the national system, including decisions about how to deal with surplus assets in the event of wind up. Housing NSW policy and funding decisions will, until 30 June 2015, recognise registration under both the NSW Regulatory System and the NRSCH.

Non-compliance

From time to time, the Registrar is notified or detects non-compliance.

Where non-compliance is not remedied by the provider, or where the non-compliance is serious in nature, the Registrar will use enforcement powers under the *Housing Act* or under the NRSCH to bring the provider to compliance.

Under the NSW Regulatory Code, where a provider has not addressed observations and recommendations arising from the previous assessment, or where a compliance assessment finds significant non-compliance, the Registrar may issue to the provider a notice of non-compliance, identifying the matters required to be addressed (within 30 days) in order to avoid cancellation of the provider's registration.

In 2013/2014, for Class 4 providers there were four notices of non-compliance issued. For Classes 1, 2 and 3, there were no notices of non-compliance issued.

When a provider has not addressed matters in a notice of non-compliance, or where the non-compliance is serious and requires urgent action, the Registrar may issue to the provider notice of intent to cancel registration within a specified period. If the provider does not remedy the non-compliance matters detailed in the notice within the specified period, the provider's registration may be cancelled.

A copy of the notice of intent to cancel registration is required to be given to Housing NSW and to be published on the public register of registered community housing providers.

In 2013/2014, for Class 4 providers, there were two notices of intent to cancel registration issued. For Classes 1, 2 and 3 there was one notice of intent to cancel registration issued.

Cancellation of registration

The Registrar must cancel the registration of a registered community housing provider in certain circumstances, including if the provider asks for its registration to be cancelled or has been wound up or has otherwise ceased to exist; if a notice of intent to cancel registration has been issued to a provider and the provider has failed, within the period specified in the notice, to satisfy the Registrar that its registration should not be cancelled or to appoint a special adviser.

In 2013/2014, the registration of 22 providers under the NSW Regulatory Code was cancelled, however, none was due to lack of provider performance.

Table 24: Cancellation of provider registrations under the NSW Regulatory Code 2013/2014

Number of registrations cancelled	Reason
9	Due to mergers and amalgamations of previously registered providers or due to a decision by a registered provider to exit the community housing sector.
13	Provider achieved registration under the NRSCH.
Total: 22	

Thirteen cancellations were due to the provider achieving registration under the NRSCH. There was no impact on residents and tenants, as the management of properties was transferred by the housing agency to other registered providers prior to the cancellation of registration by the Registrar.

Housing NSW does not give assistance to a provider unless they are registered and must withdraw assistance to providers ceasing to be registered.



Handling complaints and enquiries

Complaints about providers

In 2013/2014, the Registrar also investigated a number of complaints and other matters in respect of registered providers. Complaints may raise a range of issues about a provider's compliance with the relevant Regulatory Code. The Registrar continues to assess all indications of possible non-compliance in a holistic way, taking into account the information about a provider's compliance with the relevant legislation and Regulatory Code from a range of sources.

In addition, the NSW and National Regulatory Codes include the requirement that registered providers notify the Registrar in a timely manner of any incident relating to their operations that may damage the reputation of the community housing sector. A notifiable incident is any serious event

that compromises the quality of services provided to residents, the asset service, the good governance or viability of the provider, and that would raise public concerns about standards of the provider's probity.

In 2013-2014, the Registrar's office investigated 93 matters with respect to community housing providers registered under the *Housing Act 2001* (NSW). This comprised 44 complaints about providers, 30 notifications by providers, and 19 were queries for advice about providers.

The nature of the matters investigated by the Registrar ranged from the rapid change of the scale and scope of a provider's operations to the provider's key personnel leaving the organisation; or allegations of fraudulent activities. On receiving the information, the Registrar determined whether an investigation into a particular matter was warranted.

Fig. 16: Outcomes of the investigations carried out by the Registrar.

Investigated and raised potential non-compliance for inclusion as part of the scheduled compliance assessment of the provider	13
Investigated and raised potential non-compliance for inclusion in an un-scheduled compliance assessment of the provider	10
Investigated and the provider was found to be in compliance or that the allegation was unsubstantiated	57
Out of Registrar's jurisdiction and no referral	1
Out of Registrar's jurisdiction and referred to another body	12

PARS

Complaints and enquiries about the PARS registration process from providers and the community are handled by the Registrar. In most cases, the manager of the PARS team deals with these issues, which often involve questions from providers about the Financial Performance Report or other required documentation for application for registration. All queries about policy or policies on PARS are referred to the AHO, including decisions on registration and performance review outcomes.

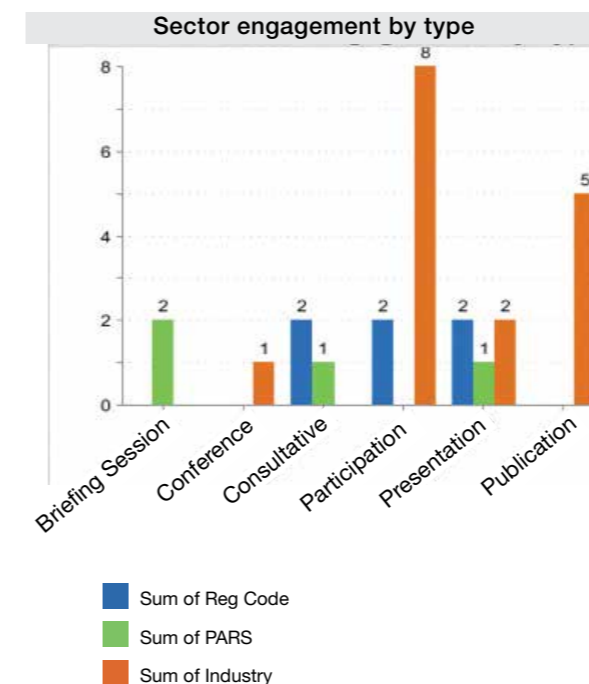
Sector engagement

A significant component of our work is engaging the sectors through various initiatives.

Consultation

The Registrars' Advisory Forum met three times during the year and is comprised of industry peak body representatives, tenant representatives, Housing NSW representatives, AHO representatives and independent members with experience and an interest in strategic matters concerning regulation, registration and the delivery of community housing.

Fig. 17: Sector engagements by type for NSW Regulatory Code and PARS



Briefing sessions

Briefing sessions on PARS and the NRSCH were delivered throughout the year across the State to promote an understanding of each system and how they operate in practice as well as to assist registered community housing providers in working with the Registrar. We delivered two briefing sessions on PARS to 20 participants. There were no compliance briefing sessions on NRSCH, however, there was a number of registration briefing sessions on the NRSCH.

Between 1 July 2013 and 30 June 2014, the PARS team conducted briefing sessions, participated in consultative forums, and made presentations. It engaged with 18 stakeholder agencies and providers, comprising 26 representatives or participants.

In addition to their normal engagement with providers applying for registration under PARS and registered providers undertaking a performance review, PARS team members attended meetings with stakeholders, and conducted site visits of providers, attended conferences, seminars and workshops on housing, including Aboriginal housing issues.

Publications

Between 1 July 2013 and 30 June 2014, the PARS team undertook several sector engagement activities. These involved briefing sessions where participants were asked about: the quality of RCH resources provided for PARS registration; support for PARS registration available on the RCH website; and the relevance of the briefing sessions and how they were delivered. Respondents' feedback was as follows:

- 91 per cent gave positive feedback
- 2.1 per cent provided negative feedback

The rest (seven per cent) were either neutral or did not respond to a few or several questions in the survey questionnaire.

Presentations and meetings

Throughout the year, the Registrar and staff met and presented to providers and stakeholders and participated in a range of industry activities.

These included:

- Presenting at the Community Housing Federation of Australia Directors' Network breakfast seminar on the NRSCH (15 February 2014)
- Presenting at the Housing Appeals Committee's members training meeting
- Participating in the AHURI Conference (14 May 2014)
- Participating in the Sustaining Aboriginal Tenancies across Social Housing forum (13 October 2013).

The Registrar also regularly visited and met with boards or senior management of community housing providers during 2013/2014.

Website

The websites www.rch.nsw.gov.au and www.nrsch.gov.au are key resources for making information quickly and easily accessible to all stakeholders.

The Registrar's websites www.rch.nsw.gov.au and www.nrsch.gov.au provide a comprehensive suite of publications, which are also available in hard copy and on USB. PARS documents are also available on the website.

Additionally, the Registrar of Community Housing publishes a newsletter, *Regulation Matters*. This newsletter is delivered by email to all registered providers and stakeholders.

The Registrar's office has also released a number of publications, including USB Business Cards, a number of Fact Sheets and a Guidance Note.

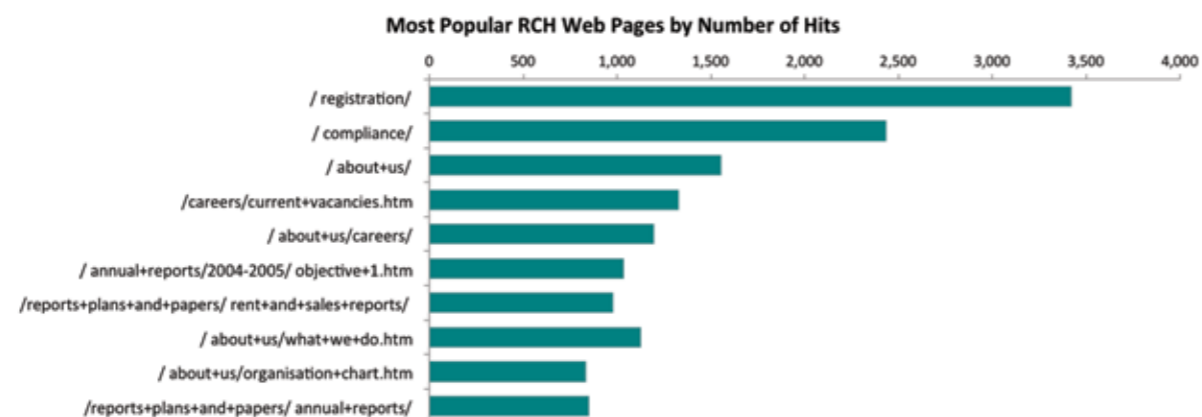
This year we added to the resources available with the publication of:

- The *Annual Statement of Performance 2013*
- Two issues of the e-newsletter, *Regulation Matters*.



Annual Statement of Performance 2013

Fig. 18: Most popular RCH web pages



RCH in the community

Interview with Stacey Broadbent, PARS A/Manager



In recognition of the importance for the Registrar's office to focus on the needs of the Aboriginal community, the team

from the Registrar's Provider Assessment Registration System (PARS) has continued to implement an internal Aboriginal Cultural Competency program.

"The program is lead by Aboriginal staff to support the development of a culturally inclusive work environment for Aboriginal staff and the culturally appropriate delivery of regulatory services to Aboriginal community housing providers and Aboriginal communities," said Stacey Broadbent, PARS A/Manager.

"We run around three to four sessions each year. Last year at one session, for example, we invited health professionals as guest speakers to share their experiences about working within the Aboriginal community."

During NAIDOC Week, all staff are invited to the various events in the Aboriginal community during this time and an open dialogue is encouraged between all participants.

"We have four Aboriginal staff and two non-Aboriginal staff who are involved in NAIDOC Week and who attend community functions on behalf of the RCH," Stacey said.

This year, members of the PARS team also attended the National Housing Conference in Adelaide. The biennial National Housing Conferences are the single largest cross-sectoral gatherings in Australia for the social and affordable housing sectors.

From July 2013, the Registrar resolved to issue the PARS final registration

assessment report directly to Aboriginal community housing providers. Previously, the Registrar issued the PARS final registration assessment report only to the Aboriginal Housing Office (AHO). This new approach will allow the provider the opportunity to review the final report, prior to a registration decision from the AHO, and if or when necessary, request an internal review from the Registrar's office.

The Registrar, Dr Pamela Hanrahan, with the PARS team, has visited Aboriginal community housing providers in regional NSW. These periodic visits to regional areas by the PARS team aim to strengthen working relations between the Office of the Registrar and the AHO regional offices, particularly in implementing the PARS, which this time involves facilitating the PARS team's work on the performance reviews of AHO-registered providers.

"Our team helped prepare Aboriginal community housing providers scheduled for registration under the PARS by giving briefing sessions to provide information on the performance requirements to be registered as approved providers under PARS," Stacey said.

"Our engagement with the Aboriginal community is different from the mainstream approach and is not limited to nine to five hours. Rather, we seek to establish meaningful and lasting relationships within our community that operate on many levels.

"Our relationship with the sector is quite strong and our engagement with the community always takes a consultative approach," she said.

"Over the next 12 months, the PARS team is focused on the work ahead involved in the performance review of providers registered under the AHO."



List of tables and figures

Part One: About us

Fig 1: Organisational structure as at 30 June 2014

Fig 2: Operational structure as at 30 June 2014

Part Two: The community housing sector

Table 1: Number of registered providers and compliance assessments as at 30 June 2014

Table 2: Number of registered providers as at 30 June 2014

Table 3: Number of assessments and assessment outcomes

Table 4: Tenancies for the year

Table 5: % of supported tenancies

Table 6: % of completed surveys returned

Table 7: % of tenants satisfied with overall quality of housing services

Table 8: % of properties that met property condition standards

Table 9: % of properties brought up to property condition standards

Table 10: % of properties that met urgent repairs requirement

Table 11: % of properties that met non-urgent repairs requirement

Table 12: % of providers that met property condition satisfaction standards

Table 13: % of quorate meetings per tier

Table 14: Governing body evaluation currency

Table 15: CEO performance review currency

Table 16: Code of Conduct currency of review

Table 17: Fraud and corruption currency of review

Table 18: Occupancy rate

Table 19: Properties that can be tenanted (T)

Table 20: Properties that cannot be tenanted (U)

Table 21: Rent outstanding

Table 22: Rent foregone

Fig 3: PARS providers' tenancy performance for 2013/2014

Fig 4: PARS providers' governance performance for 2013/2014

Fig 5: PARS providers' asset management performance for 2013/2014

Fig 6: Performance of PARS providers

Fig 7: Number of community housing assets as at 30 June 2014

Fig 8: Community housing assets

Fig 9: Total operating revenue by tier FY 2013

Fig 10: Asset values by tier FY 2013

Fig 11: Interest bearing debt by tier

Fig 12: CH interest bearing debts to value of community housing assets FY 2013

Fig 13: Debt to equity ratio

Fig 14: PARS providers' financial performance 2013/2014

Part Three: Our regulatory activities

Fig 15: Number of providers registered under NRSCH as at 30 June 2014

Table 23: Compliance outcomes 2013/2014

Table 24: Cancellation of provider registration under the NSW Regulatory Code 2013/2014

Fig 16: Outcomes of investigation carried out by the Registrar

Fig 17: Sector engagement by type for NSW Regulatory Code and PARS providers

Fig 18: Most popular RCH web pages





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