



Registrar of
Community Housing

NSW Registrar of Community Housing

Annual Statement of Performance

Reporting Period 1 July 2018 – 30 June 2019

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This report details our work in regulating Community Housing Providers (CHPs) in New South Wales (NSW) under the National Regulatory System for Community Housing (NRSCH) and the NSW Local Scheme (NSWLS).

The report comprises the following parts:

1. Registrar's Message
2. Overview
3. Resources and Activities
4. Performance
5. Outcomes
6. Our Future Focus

Registrar's Message

This Annual Statement of Performance narrates the performance of my Office in ensuring a well governed, well managed and viable community housing sector. Reports on Community Housing Providers' (CHP) performance in this sector are published separately.

This report assesses the Registrar of Community Housing (the Registrar's) performance against our strategic plan (what we intended to do), the principles of the NRSCH (our service standards), and contemporary measures of better regulatory practice (required by government).

The highlights of the past year are captured in the areas 'spotlighted' in this report. Our work in enquiring into areas of potential strategic impact on the sector has assisted government policy consideration and regulatory stewardship. At the same time the Office has had to re-gear and re-tool to manage the surge of potential new entrants to the National Regulatory System for Community Housing (NRSCH) and the New South Wales Local Scheme (NSWLS). Such new business has been driven by innovative programs in government seeking to promote business opportunities to ease social and affordable housing stressors including those in the Aboriginal housing sector. Here the need to assure the viability and sustainability of CHPs serving our most disadvantaged has become ever more important.

We have also listened and responded to the multitude of small businesses in the NRSCH that have asked for operational reform and proportional regulation more aligned to their varied business models in the Tier 3 sector. Our adoption of a segmented view of this disparate sector has allowed us to engage with CHPs on risk concerns more relevant to their business, allowing efficiencies to be realised within both CHPs and the regulator. At the same time, we have increased the level of engagement.

This work has allowed us to embed some more contemporary intelligence-led practices into our operations which appear to be warmly welcomed by the sector. In another area under spotlight in this report, our activity in "campaigning" on issues of interest across CHPs has helped the Office recognise and share the better practise that exists across the CHP sector and provide more targeted performance monitoring of emerging issues. All of these spotlights contribute to an increased visibility, accountability and outcomes achieved by CHPs.

As always, I welcome feedback on this report and acknowledge the ongoing and valued input from our registered CHPs in their assistance in regulating for better outcomes.

I would also like to acknowledge the wonderful work and dedication of Neil Quarmby, who left the Office of the Registrar in good shape.

Chris Valacos
NSW Registrar of Community Housing

Overview

The Registrar and Legislation

The Registrar is a statutory appointment under section 10 of the [Community Housing Providers \(Adoption of National Law\) Act 2012 \(NSW\)](#), referred to as the National Law. The Registrar reports directly to the Minister for Families, Communities and Disability Services and registers CHPs independently of the Department of Communities and Justice (DCJ).

Our website contains further information about the Office and the [Registrar's functions](#).

The Registrar is responsible for administering the NRSCH in NSW. The NRSCH commenced on 1 January 2014. The Registrar also administers the NSWLS.

You can access the jurisdictional versions of the National Law [here](#).

The Registrar also provides operational regulatory support to the Northern Territory (NT) and Tasmanian Governments. This work is also considered in this report.

The Regulatory System in NSW

The [National Regulatory Code \(NRC\)](#) within the National Law sets out the performance outcomes which must be demonstrated by all registered CHPs. The particular Tier of registration is determined by an entity's level of risk arising from the scale and scope of its community housing activities, which in turn determines the intensity of regulatory engagement and oversight.

The objective of the regulatory system is to ensure that community housing is developed as a viable and diversified component of the NSW social housing sector. The NRC requires CHPs to be well-governed, financially viable and to perform in compliance with standards to deliver quality housing services. Click [here](#) to read more about us and the regulatory system.

The Aboriginal Housing Sector

The Registrar supports the Aboriginal Housing Office (AHO) whilst it works through a strategic shift in the Aboriginal community housing sector with the goal of recognising the NRSCH as the AHO's registration pathway and AHO policy settings mandating Aboriginal CHPs registered or scheduled for registration under the NRSCH or NSWLS by December 2022.

To support this work the Registrar continues to operate under a Service Level Agreement (SLA) with the AHO. This ensures adequate funding for regulatory service to Aboriginal community housing providers (ACHPs) that may seek registration or capacity building support from the Registrar. The SLA will be reviewed in June 2022, with the funding component negotiated annually between the AHO and the Registrar.

The Sector We Regulate

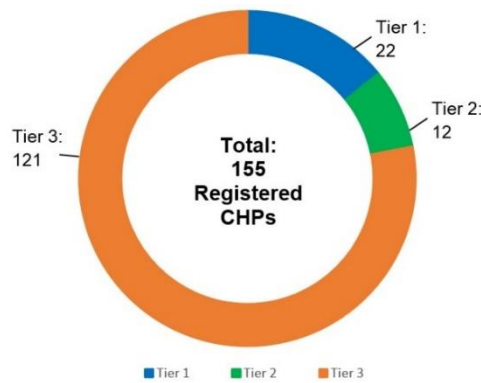
At the end of June 2019 we regulated 155 CHPs, which managed over 48,500 properties. This includes assets held in NSW and properties in other states managed by CHPs whose primary jurisdiction is NSW.

The total managed assets in NT during the report period was 730 and for Tasmania 2583, for those providers regulated by the NSW Registrar on behalf of other governments. At the end of June 2019 there were two registered CHPs (both Tier 1) with primary jurisdiction Tasmania and three registered CHPs (all Tier 2) with primary jurisdiction NT.

To see the list of CHPs we regulate you can access the [Community Housing Provider Register](#), which contains details on all nationally registered CHPs.

At the end of June 2019 there were:

- 155 registered CHPs with primary jurisdiction NSW, which managed over 48,500 properties. (22 Tier 1, 12 Tier 2, 121 Tier 3)



The CHPs we regulate are engaged across a range of services.

Tier 1 and 2 CHPs dominate the sector accounting for 22% of the total number of registered CHPs with primary jurisdiction NSW and accounting for 95% of assets. There are 121 Tier 3 CHPs.

Our most recent Performance Report is on the NSW Tier 1 and 2 sector. A copy of the Performance Report can be found in the [Reports tab](#).

The Registrar has also produced a series of public reports on sector performance which provide insights on trends and patterns in the community housing sector - please see the [Reports tab](#)

Our Regulatory Approach

The Registrar monitors CHP business performance in a largely self-regulating scheme. Hence the regulatory approach is to provide registration and performance intelligence services for CHPs, their representative bodies, tenants, housing agencies, and the government. To assist the sustainability and viability of the community housing sector for the benefit of the people of NSW, the Registrar seeks to encourage businesses to pursue best practice in governance, tenant services, asset management, probity, business management, community engagement and financial viability.

Where necessary, the Registrar may focus on non-compliance and investigate and take enforcement action to protect tenants and the viability of the sector. Our approach is based on assessing the levels of behaviour and acting proactively to shift CHPs to best practice.

Resources and Activities

Corporate Infrastructure and Reporting Structures.

Following the NSW state election in 2019, the NSW Government made changes to the structure of the NSW public sector. As part of these changes, a new department was established called the Department of Communities and Justice (DCJ). The DCJ commenced operating on 1 July 2019 taking over the operations and functions of the Department of Family and Community Services (FACS) and the Department of Justice. From 1 July 2019, FACS and the Department of Justice ceased existing as separate departments.

At that same time and as part of the changes to Government following the election, the NSW Land and Housing Corporation (LAHC) and the AHO moved from FACS to the new Department of Planning, Industry and Environment.

While the Registrar is directly accountable to the Minister for Families, Communities and Disability Services, the Registrar's Office operates with the assistance of two main portfolio agencies: DCJ and the AHO.

The Registrar directs all aspects of the operations of the Office, but is supported by the administrative services of the DCJ and operates in accordance with its policies, procedures, guidelines and agreements which are common to all of its business units and staff.

Through formalised agreements the Registrar also undertakes the registration and regulation of CHPs in the NT and Tasmania. The Registrar acts under a delegated function for both jurisdictions.

All staff of the Registrar are public servants employed under the [Government Sector Employment Act 2013 \(NSW\)](#), on the establishment of the DCJ and seconded to the Registrar. Approximately 20% of staff are funded through tied programmes such as for AHO, Tasmania and NT support.

The Registrar continues to improve internal capability beyond core compliance skills to include improved intelligence reporting, improved case management and targeting.

Some of the key internal administrative achievements for the 2018-19 financial year (FY) included,

- Securing funding and budget position for 2018-19 to appropriately resource the Registrars work commensurate with the sector experiencing substantial growth;
- Engaged 10 ongoing staff and three contingent labour staff;
- Refurbishments to the Office to house the National Team;
- Implement our Corporate Training Plan; and
- Developed and implemented the strategic, business and operational plans for the Office, to ensure we met the functions under the Act and conform to the standards we expect of the CHPs we regulate.

Resources

The Registrar receives financial resources from a number of sources with the vast majority of income provided by the NSW Government. Other income was received from both the NT and Tasmanian Governments and the AHO in NSW.

The total funding for the year was \$2,420,832 million.

What Activity is Resourced?

This section of the report presents the compliance related activities of the Registrar's Office. In addition to compliance work, the Office interacts daily with a range of government and non-government bodies to educate, inform, guide and advise. The total numbers for our 2018-19 compliance work include (also including the NT and Tasmania jurisdictions):

New South Wales

Our staff completed 136 compliance assessments for NSW registered CHPs as part of our scheduled engagement. This is 40 more than the previous financial year, noting that some CHPs may have had more than one assessment completed in the financial year.

Of the total assessments:

- 93 were standard compliance assessments; the previous year was 76.
- 43 were targeted assessments; previous year was 16. The increase relates directly to our shift to risk-based targeting of emerging issues.

There were 13 registration assessments completed for NSW new entrant CHPs (one Tier 1, one Tier 2, 11 Tier 3); 10 more than the previous financial year.

There were six registration cancellations, this financial year and one last financial year. Of the six cancellations, five of those were requests for cancellation under S16 (1) (a) of the Act and one arising from enforcement action (subject to appeal).

Our staff opened 346 cases and closed 332 in the financial year. Last year 267 were opened and 274 closed. 58 more cases were closed this year.

Average time of all cases closed in the financial year was 46 days. This is an improvement compared to the previous year where the average was 56 days, a reduction of 10 days on average to close a case.

The majority of cases were complaints or enquiries. See page nine for more detail on cases.

Northern Territory

- Two standard compliance assessments and one registration assessment for CHPs within the NT jurisdiction. One compliance assessment was undertaken last year.
- Five enquiries were opened with four cases closed and managed according to policy and procedure with a result recorded.

At year end, two cases remained open with work in progress to resolve each of these.

Tasmania

- Four compliance assessments were completed for Tasmanian CHPs. Three of these were standard and one targeted. In the previous year, three standard compliance assessments were completed including two standard assessments and one targeted assessment.
- Two cases were opened with one case closed and managed according to policy and procedure with a result recorded. At year end, one case remained open with work in progress to resolve.

Complaints, Cases, Enquiries and Notifications

All enquiries, notifications, complaints and whistle-blowers; are known collectively within our internal records management system as “cases”.

Over the 2018-19 financial year, our staff opened 346 cases and closed 332 for the NSW jurisdiction (previous year was 267 opened and closed 274). 58 more cases were closed this year.

Driving the increase in the number of overall cases is the rise of complaints received by the Registrar over the past two years with the steady expansion of the sector, especially with social housing management transfers.

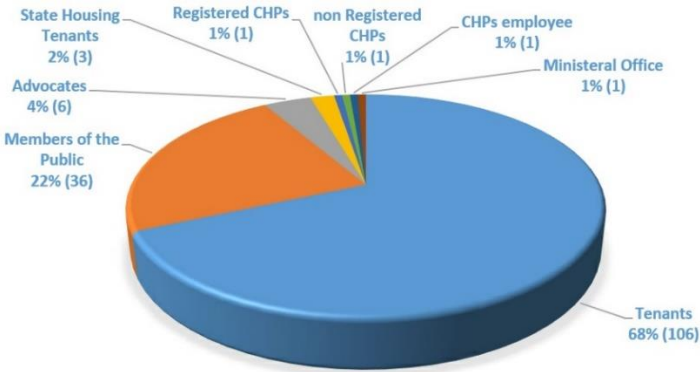
In 2018-19, our staff received 155 complaints, whilst in 2017/18 a total of 87 complaints were received,

This rise in keeping with the Registrar’s forecast of such an increase and can be attributed to a number of factors including:

- Visibility of policies and procedures campaign – clearer definitions of the circumstances under which tenants can make a complaint and/or appeal has driven the increase in tenants complaining, and, in addition, circumstances under which CHPs would make appealable decisions; and
- Social Housing Management Transfer (SHMT) – For the 10 CHPs involved in management transfers, total complaints to the Registrar increased from 33 complaints in 2017-18 to 82 complaints in 2018-19. As part of the SHMT Campaign, the Registrar’s engagement with CHPs involved in the program has identified a number of program design issues which have manifested requiring further consideration, ongoing monitoring and reporting. Early indicators show that there may be regulatory implications for CHPs and the Registrar, including additional resources required to report and monitor compliance, given CHP’s performance will likely decline initially as they absorb the costs of repairs which impacts rent and complaint numbers.

Detailed breakdown of the closed cases we received:

Complaints and investigations closed in last financial year – 155, majority were received by tenants



(106 tenants, 36 members of public, 6 advocates, 3 state housing tenants, 1 registered CHPs, 1 non registered CHPs, 1 CHPs employee, 1 Ministerial Office)

This is 68 more complaints than the previous financial year.



Enquiries received (general) - 32



Registration enquiries – 72



New Entrant enquiries – 10



Whistle blower notifications – three



CHP notifications closed – 44 total
(12 notified of change of affairs, 1
new trading name, and 31 other
notification)



The average time of all cases
closed in the FY was 46 days

Performance

Our approach to ensuring efficient regulation is in line with the Productivity Commission's [Regulator Audit Framework](#) which provides guidance for auditing the performance of regulators in regard to the compliance costs they impose on business and other regulated entities. It compliments other frameworks that are used to assess the performance of regulators in regard to their efficiency and effectiveness.

The Framework outlines that in order for regulators to be effective and efficient they should report on their performance which:

- focuses on the principles and particular areas of regulator behaviour that have the greatest effect on the cost of compliance for businesses they regulate;
- selects good practise indicators that best reflect regulator behaviour that minimises compliance costs while still achieving the objectives of the regulation;
- provides metrics at the highest level possible to demonstrate the satisfaction of the principle or indicator, utilising data and information from existing sources where available;
- requires auditors to 'triangulate' information in forming a view of the satisfactory achievement of a principle; and
- is included as a separate module in external audits that examine broader areas of performance of the regulator and regulation.

The Principles of Good Regulation

The principles of good regulation reflect how the Registrar meets the public value expectations of the objects of the law. The principles below underpin the National Regulatory Code and are reflected in national performance requirements. Aligned to the commitment of all community housing Registrars, we are committed to ensuring that our approach to regulation principles is:

- Proportionate – The level of regulatory engagement will reflect the scale and scope of risk to the CHP;
- Accountable – Decisions to engage with a CHP and the intended outcomes will be justified and subject to scrutiny;
- Consistent – Regulatory engagement will be based on a consistent approach across all participating jurisdictions;
- Transparent – There will be clear and open communication with CHPs about regulatory engagement;
- Flexible – Adopt the most appropriate engagement relevant to the desired outcome; and
- Targeted – Regulatory engagement will be focused on the core purposes of improving tenant outcomes and protecting vulnerable tenants, protecting government funding and equity, and ensuring investor and partner confidence.

What did we achieve? / What remains to do?



<p>Proportionate</p>	<p>In 2018-19, the Registrar completed a detailed study into sector viability issues projecting into the future. The Community Housing Viability Project has since helped shape advisory and assessment work. The Project reviewed cost and revenue trends being projected in the community housing sector. The work also identified and assessed assumptions and drivers of long-term forecasts underlying growth and viability in order to inform housing policy and strategy. This allowed us to gain a better understanding of pressures affecting community housing growth and our ability to manage potential long term risks.</p> <p>This project provided challenging insights into the sector’s diversity, specific income, costs and strategic pressures and their potential effect on sector viability, and suggested mitigation strategies some of which are already in place. This is the start of an ongoing assessment of future sector viability that will continue informing housing policy and strategy and building an understanding of community housing growth and the ability to manage potential long term risks through effective regulation.</p> <p>To read more about the viability project see our recent Tier 1 and 2 report here (part 4)</p> <p>In May 2019, the NSW financial analysts supported the NRSCH National Office. The analysts reviewed changes to the Financial Performance Report (FPR), including performance indicator definitions, thresholds, evidentiary sources to demonstrate capacity and compliance, and lines of enquiry prompts, reflecting the characteristics and challenges of CHPs in NSW. NSW involvement in this review is important as it allows a more uniform approach to perform financial assessment across different jurisdictions.</p>
<p>Accountable</p>	<p>Through formalised Service Level Agreements the Registrar undertook the registration and regulation of CHPs in the NT and Tasmania. Some of the work (outside of compliance assessments) our staff undertook included:</p> <ul style="list-style-type: none"> • Designed and developed a comprehensive system for recording services delivery activities to other jurisdictions. • Defined accountable cost recovery fees based on Service Level Agreements between parties. • Established a summary report for reviewing historical invoiced charges and projecting the demand of services delivery to other jurisdictions and cost recovery fees. <p>Accountable and consistent calculations on cost recovery fees have been used again after adopting the above process, streamlining and creating efficiencies in preparing invoice for services charges for other jurisdictions and effectively ensuring the Registrar’s capacity in allocating resources to cope with other jurisdictions’ demand into the future</p>
<p>Transparent</p>	<p>Over the last year, the Registrar has continued to have a strong focus on increasing public reporting functions using a range of tools such as informal reports, intelligence briefs and public statements of performance. Specifically, we have focused on embedding better intelligence reporting by providing advice directly to the Minister, other jurisdictions, the Housing Agencies and funding bodies. Our aim is to change any negative perceptions of public reporting.</p>
<p>Flexible</p>	<p>We have increased engagement with the sector, communicating more often, consulting in different ways and offering a range of opportunities which allows CHPs to increase their participation in our work. Through our work on campaigns and other projects the sector has been able to contribute on issues like affordable housing, the viability of the sector and NRAS. We have used feedback from the sector to design our public reports, our discussion papers and submissions to government.</p>

	<p>Our staff participated in the CHIA Exchange with return invitations, improving our network and engagement with the sector, an indication that the Registrar's insights are valued and sought.</p> <p>We have listened and gained an understanding of the public and government expectations of regulatory work. This is a key area of accountability for the Registrar. We co-designed a number of campaigns targeting areas of risk with CHPs and their representative bodies. The findings and solutions arising from this work have been communicated to the CHP sector. We conducted a range of information briefings with the sector on the compliance process, campaign outcomes and the Tier 3 review.</p> <p>As a result of our engagement activities, CHPs are connecting with us more frequently and understanding the Registrar's role and expectations of compliance.</p> <p>We have also engaged the Housing Agencies to establish a better understanding of contemporary regulation, improving lines of communication across operational matters and increasing the profile of the Registrar with the Housing Agencies. As a result, we have seen significant improvements in information sharing and strategic regulatory design and stewardship.</p> <p>Over the last year we have also worked closely with other relevant regulators, both NSW and Commonwealth, on the exchange of intelligence and in an effort to cut red tape and drive greater efficiencies and better outcomes. We have developed working relationships with other regulatory bodies overlapping the community housing sector including NSW Fair Trading (who license real estate agents), the National Disability Insurance Authority (NDIA), NSW Fair Trading and the aged care regulators.</p>
<p>Consistent</p>	<p>We have had a continued focus on working with the National Secretariat over the last year to develop its IT functionality and capability by making changes to the IT system to enhance and improve business systems. Having the technical skills and business knowledge in-house minimised consultancy costs, achieving significant cost savings and continuity of business processes.</p> <p>The changes include:</p> <ul style="list-style-type: none"> • Changes to the National Register – Developed and configured the technical solution to fully automate displaying Compliance History and Executive Assessments within specified criteria (i.e. Type of compliance to be displayed, specified date to display from, period of time to be displayed and latest Executive Assessment only). • Eliminating manual tasks and potential errors. Improving data accuracy and ensuring the right records are being displayed. Reducing reputational risk, increasing efficiencies by including real time data with no time lag. • Developed and configured the technical solution in CHRIS for new NHFIC business process, and subsequently reconfigured to include Local Scheme registration process. • Adjustments to compliance detail - Displaying more information and the correct information to CHPs in the portal by adding extra fields and automating. • System data cleansing and responding to ad hoc errors occurring in the portal which prevented some CHPs submitting their return. <p>Case Management System - NSW provided input into the development of the new case management system by identifying issues and developing new concepts which were adopted into the business requirements.</p>
<p>Targeted</p>	<p>We have made changes to the way we conduct assessments by prioritising risks and streamlining our assessment processes. We are better at managing emerging risks and have improved the timeliness and efficiencies of our regulatory activity.</p> <p>Learnings from the campaign work have enhanced our analytical capacity and supported the co-design of guidance for our CHPs while also assisting with development of procedures for</p>

	<p>national intervention work. Improvement in staffing numbers due to successful recruitment and filling of vacancies has also contributed to improved assessment timeframes.</p> <p>Our team has been refining internal systems and processes to improve our compliance function and strengthen regulatory activities</p> <p>Importantly, we commissioned a detailed study into factors concerning the sector's future viability. This critical study will shape further advisory and assessment work in 2019-20.</p>
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What remains to be done:

Proportionate	<p>Investigative work has raised an area for legislative reform. The increasing complexity of businesses suggests the delegation of investigative functions to allow for the engagement of specialist expertise and reinforce the Registrar's function as a Statutory Office independent from DCJ as the funding body. To effectively assure government of providers' sustainability and viability, the Registrar has identified the need for powers to seek information from various sources and access information on tenants where complaints arise. The Registrar will continue to raise these issues as part of the review of the NRSCH and as amendments to the NSW enabling laws.</p> <p>The Registrar recently submitted a problem identification discussion paper in relation to the NRSCH review and will continue to consult with stakeholders on the proposed options paper in 2019/20.</p>
Accountable	<p>Our work will continually aim to achieve improvements around transparency of the Regulator. We will continue to provide public reporting on the performance of the sector, with the goal of ensuring that the Registrar's insights are carefully considered by the sector. By opening up data and intelligence for the public, financiers and policy makers to have informed choices.</p>
Transparent	<p>Investing in business intelligence applications has enabled us to publish more relevant and useful information, improving the Registrar's assessment process and enhancing our sector reporting systems. Our next step will be to develop real time financial and non-financial reports on our website improving our sector performance reports.</p>
Flexible	<p>Regulatory stewardship has been embedded by ensuring regulation is considered in the design of housing programs' diversity and sustainability of business. We have focused on business identification to address risks in the coverage of performance for social outcomes.</p> <p>Our aspirations for 2019/20 are the production of an overview map of the control mechanisms in the human services environment which rely on subsidised housing and the scan of what the sector will look like in five years' time as well as adjusting the regulatory instruments to meet those challenges.</p>
Consistent	<p>Consistent approaches to collecting data and intelligence will be further developed over the coming financial year. The Registrar would like to improve our intelligence functions with the integration of IT system data sets and metrics between the Registrar, DCJ and AHO.</p> <p>This includes collecting property data, integrating an analytics tool and designing a portal as new approaches to data use.</p>
Targeted	<p>We intend to make further improvements to our case management and targeting systems. This includes changing the way we target CHPs for compliance purposes.</p>

What do community housing providers think of us?

The results from the NRSCH Regulatory Service Evaluation Program indicate that we provide an effective and quality service to CHPs.

Service Evaluation Surveys are completed by CHPs following a compliance assessment. A survey is sent to the CHPs seven days after the assessment is finalised. One survey is sent for each assessment completed.

Due to the small numbers of registrations only compliance assessments results are presented.

Overall, the results from the 2018-19 Service Evaluation Survey told us:

- Our guidance to CHPs is balanced, transparent and trustworthy;
- Our staff responded to enquiries in a timely and professional manner;
- Our staff are open about their decision making;
- Our recommendations are reasonable and achievable; and
- Our regulatory approach encourages CHPs to self-assess.

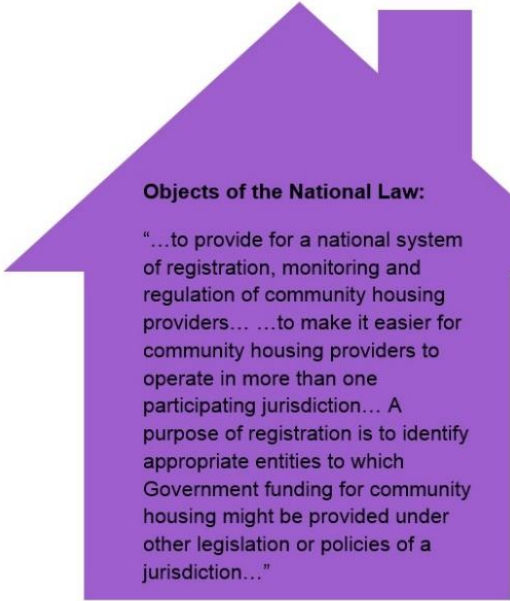
The results in more detail:

- Guidance provided by the Registrar - 94% of CHPs (35 CHPs strongly agreed and a further 26 CHPs agreed) surveyed felt that the Registrar's staff were balanced, transparent and trustworthy in their dealings;
- Quality of our contact – 93% of CHPs (38 CHPs strongly agreed and 23 CHPs agreed) said that the Registrars staff responded to enquiries in a professional manner.
- Openess about decisions – 91% of CHPs (28 strongly agreed and 31 agreed) said that the Registrar displayed openness about its decision.
- Quality of our contact – 90% of CHPs (36 strongly agreed and 23 agreed) said that the Registrar's staff responded to enquiries in a timely manner.

Areas for improvement – arising from this feedback, and consistent with previous years:

- Usefulness of resources - 29% of CHPs (19 CHPs) were either neutral, disagreed or strongly disagreed that the NRSCH Guidelines were clear and instructive.
- Guidance provided by Registrar – 23% of CHPs (15 CHPs) strongly disagreed, did not agree or were undecided that the Registrar's staff focused on performance outcomes rather than detailed prescription.
- Usefulness of resources - 22% of CHPs (14 CHPs) were either neutral, disagreed or strongly disagreed saying that the Registrar's website was relevant and resource materials on the website were useful.

Outcomes



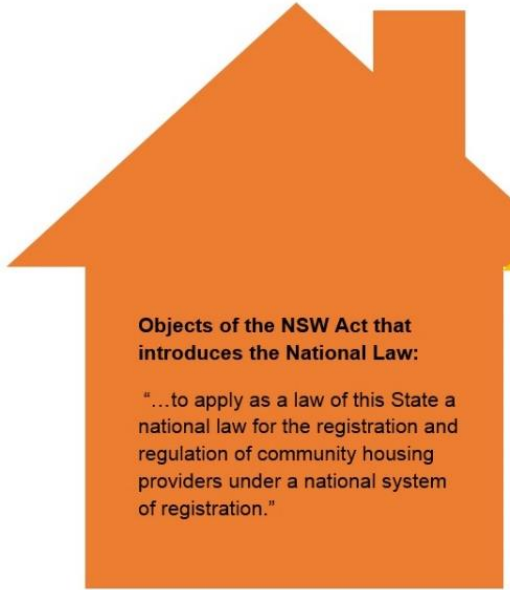
Objects of the National Law:

“...to provide for a national system of registration, monitoring and regulation of community housing providers... ..to make it easier for community housing providers to operate in more than one participating jurisdiction... A purpose of registration is to identify appropriate entities to which Government funding for community housing might be provided under other legislation or policies of a jurisdiction...”



The Registrar has adjusted efforts to deal with a rise in applicants for registration, enabling businesses to participate in new government business designed to improve the tenant and asset experience.

The Registrar also conducts operational work for other jurisdictions to ease the burden on business across borders.



Objects of the NSW Act that introduces the National Law:

“...to apply as a law of this State a national law for the registration and regulation of community housing providers under a national system of registration.”



The Registrar has increased reports on the performance of the regulatory system in order to get the right balance in authorisation, public value and regulatory capacity.


As its core this relates to regulatory oversight of the suitability and compliance of providers against legislation to assist the sector to perform above compliance levels. As a result, CHPs continue to be regularly assessed as suitable for registration and their performance monitored.



Objects of the National Law:

"...to encourage the development, viability and quality of community housing"

Objects of the NSW Act that introduces the National Law: "...to ensure that registered community housing is developed as a viable and diversified component of the New South Wales social housing sector "...to support the provision of registered community housing for people on a very low, low or moderate income."




The Registrar has reviewed sector viability and is assisting policy bodies to develop strategies to mitigate risks. In addition the Registrar has implemented measures to improve the capacity of providers, policy makers and financiers.



Objects of the National Law:

"...to promote confidence in the good governance of registered community housing providers so as to facilitate greater investment in that sector."

Object of the NSW Act that introduces the National Law: "...to facilitate Government investment in the community housing sector and ensure the protection of that investment."



The Registrar assesses the sector's financial performance, providing assurance that CHPs provide sustainable and fit-for-purpose housing solutions now and into the future, resulting in improved public and private investor confidence.

Spotlight on Reforms

Over the last two years the Registrar has committed to better engagement with other regulators in order to reduce red tape for CHPs and improve reporting.

To date, the Registrar has worked with the NSW Department of Customer Services (formerly Fair Trading) on a range of regulatory reforms, the NSW Civil and Administrative Tribunal (NCAT), NSW Planning and Environment, Landcom and consulted with the National Disability Insurance Agency, the aged care regulator, the National Housing Finance and Investment Corporation (NHFIC) and several local government councils. The Registrar will continue to work with other government agencies, relevant regulators, industry representative bodies and CHPs to contribute to a better connected system of regulation.

In terms of developing a better targeted regulatory system and identifying implications for the regulation of CHPs arising from emerging risks in managing a range of housing targets and expectations in NSW, the Registrar has progressed discussions about issues associated with the provision of affordable housing, housing for people with disabilities, boarding houses and solutions for people who are homeless or at risk of homelessness.

The Registrar released a discussion paper on the regulatory perspective on Affordable Housing in NSW. The paper is the result of consultation with a range of CHPs, policy makers and consent authorities for affordable housing properties. The paper identifies risks in the current affordable housing regime in NSW and suggests mitigation strategies so that the governments affordable housing intentions are implemented in a way that aligns with the objects of the National Law; particularly in relation to outcomes for tenants, use of assets and future investment into additional affordable housing by CHPs. A copy of the discussion paper can be found [here](#).

There are a number of activities that the Registrar can undertake to assist with the government's policy aim of creating more affordable housing. The main challenge for the Registrar's Office in 2020 will be influencing the necessary changes to relevant policies and behaviours that are outside the Registrar's remit to assist with the aims of affordable housing initiatives.

In 2018-19 the Registrar also held consultations with relevant stakeholders about the regulation of boarding houses in NSW. These consultations informed the development and release of a discussion paper. A copy of this paper was provided to the Statutory Review of the Boarding Houses Act 2012. The paper identifies key findings and makes suggestions to mitigate associated risks. A copy of the discussion paper can be found [here](#).

The Registrar has also commenced a research project on the impact for CHPs who are also Specialist Homelessness Services (SHS). The work involved conducting a comparison of the SHS standards framework, the Australian Service Excellence Standards (ASES), against the current regulatory framework for CHPs (NRSCH). This comparison was validated via consultation with a sample of CHPs who are both NRSCH and SHS accredited and the outcome of the comparison of the two frameworks has shown the NRSCH meets a substantial proportion of ASES reporting needs.

This assessment was completed as part of the Registrar's independent advisory function to government. The shape and stewardship of homelessness CHP regulation is a matter for government decision in due course.

Finally, the Registrar presented to the previous Minister and FACS, a model for equitable regulation of all subsidised CHPs that would support government initiatives for housing for social outcomes in NSW and establish a level playing field for all CHPs. The use of the NRSCH was recommended as a suitable framework to independently assure this equity. A challenge for any future inclusion of public housing under the NRSCH framework in NSW will require shifts in governance and housing law to enable such change.

Spotlight on Operational Reforms

In response to the flexibility challenge, all participating NRSCH Registrars commissioned a project to consider the rationale, opportunities and ways to reform the regulation of Tier 3 providers in view of the diversity of business activities many Tier 3 CHPs engage in. The NSW Registrar was appointed the lead for the project. The research comprised a survey of Tier 3 providers and workshops with Tier 3 CHPs.

Among other things, it was found that some Tier 3 CHPs report to multiple Regulators depending on the types of services they provide. In response to their feedback, a pilot program was conducted where a cohort of CHPs who own or managed less than ten assets were grouped together, and compliance was assessed against a reduced number of performance outcomes.

We adjusted our methods of engagement with phone calls and site visits were scheduled which allowed for quicker collection and assessment of evidence. In addition to this, we have proactively built our relationships with other regulators, and sought to share information where permissible to remove duplication in reporting. The approach also allowed our Financial Analysts to conduct more financial viability assessments in a shorter timeframe, increasing the number of assessments able to be completed over 2019-20.

Other key actions of the operational reforms include:

- Segmentation established on business lines with mechanisms to ensure tenant protections, assisting equity of business, and ensuring consistency in national reporting.
- Flexibility in required evidence – providing evidential flexibility nuanced to various Tier 3 segments. This evidential flexibility has taken various forms depending on segmenting such as:
 - Accepting other licencing/registration work as evidence of a number of governance, management or probity outcome;
 - Accepting evidence provided of core business as evidence of community engagement (where the business of the organisation is heavy in community engagement); and
 - Accepting a modified version of the FPR for that market segment.
- Flexibility in schedule of engagement – providing some sectors of Tier 3 less or more frequency in engagement/reporting.

Going forward, the operational reform will be expanded into the next Tier 1 and 2 compliance round with SHMT recipients being grouped. Other market segments such as Real Estate Agents who offer only affordable rental housing will be grouped.

We have developed our relationships with other regulators in order to share information where permissible to remove duplication in reporting.

The Registrar has staggered the compliance rounds for Tier 1 and 2 providers, opening returns at different intervals to ensure evidence submitted is assessed in a timely manner. We have aimed to keep providers informed by conducting pre-compliance briefing sessions and issuing guidance notes where appropriate.

These changes, coupled with the Tier 3 segmentation program, saw 136 compliance assessments completed in the reporting period.

We have met Service Level Agreement commitments with both the NT and TAS Registrars, having conducted two and four compliance assessments respectively, as well as having registered one new provider in the NT.

Spotlight on New Business Growth

There continues to be a significant demand for registration in NSW under the NRSCH and NSWLS. Registration is a legal requirement and attracts significant support and financing for businesses responding to government initiatives to increase stock and affordability.

The Registrar's Office received 72 registration enquiries in 2018-19 from 84 different organisations and individuals. Following enquiries, 13 organisations were registered under the NRSCH during the reporting period. There were no registrations under the local registration scheme.

Consistent with the previous reporting period, the Registrar is increasingly receiving registration enquiries from entity types that were historically not required to be registered as a CHP, including real estate agents, builders, developers, Aboriginal housing providers, and Specialist Disability Accommodation providers.

The increase and diversity of new entrants reflects the range of government policies aimed at increasing housing options for the people of NSW and new financing arrangements. There are implications for the Office of the Registrar, DCJ, and the NSW Government.

Registration provides recognisable status and benefits for entrants. Governments, potential private investors and joint venture partners welcome and support registration. Government programs for Aboriginal housing sustainability, affordable housing, special disability accommodation and social housing at both the NSW and Commonwealth level contribute to a steady flow of organisations seeking registration. Specific drivers for the changing environment include:

- NSW Planning policies for managing the affordable housing portion of new development approved by local Government councils under the State Environmental Planning Policy (Affordable Rental Housing) 2009;
- developers who want to manage their own affordable housing properties;
- the requirement by the AHO that any organisation receiving assistance from the AHO must be scheduled to undertake registration by 2022;
- the recognition of NRSCH registration as a registration path for Specialist Disability Accommodation services; and
- funding initiatives such as the Social and Affordable Housing Fund, NHFIC, and Communities Plus continue to generate new registration interest each year.

To respond to a surge in enquiries, the Registrar has established a team dedicated to new entrant work and has introduced a prioritisation system that takes into consideration the program interests of the NSW Government as well as the business needs of applicants. Registration is a time-consuming and involved process and accords with nationally set procedures and standards.

New entrants often have limited knowledge of what is required to achieve and maintain registration and a more educative focus has been required by the Registrar's Office to assist organisations identify and build their own capacity. This requires a significant commitment from a small team whose primary function is to assess eligibility and suitability of organisations rather than develop them, and impacts resourcing capabilities in core business areas. This additional pressure has been recognised by the AHO and provided resources. Unfortunately, this accounts for only 50% of the resulting registration and compliance work, the remainder not being related to the AHO. Changes due to the creation of NSWLS, the Aboriginal Housing Strategy, the initiation of the NHFIC bond aggregator, and affordable housing schemes have contributed to an increase in the number of providers seeking and attaining registration.

A significant number of enquiries were closed where applicants were not ready to proceed or due to a lack of response from the organisation following the receipt of initial registration information. A number of Aboriginal organisations have made enquiries, some motivated by the AHO's corporate goal to register its sector. These are given priority in the Registrar's Office due to the AHO funding the Registrar for this purpose.

The largest proportion of those making enquiries are real estate agents/agencies and builders and/or developers pursuing affordable housing opportunities.

There were 14 enquiries from community service providers (inclusive of homelessness, disability, aged care and assisted care service providers) with goals to expand service delivery into social and/or community housing.

The registration process is also uncovering and supporting a range of innovative business solutions responding to the government's intent to generate more volume in affordable and social housing. The Registrar has noted some frustration within business over the fixed procurement culture of housing commissioning which provides no avenue for innovation. Some private organisations and one secular organisation have expressed frustration at the lack of a system steward to approach to use their private capital and land to assist and increase social housing volumes in NSW. This matches CHP frustrations at having no commissioning system to approach to create higher volumes from existing stock.

Similarly, advice derived from businesses interested in the new Commonwealth finance commissioning process under the National Housing Finance and Investment Corporation (NHFIC) which is triggering a range of innovative but complex joint venture proposals through a contemporary, non-procurement style framework. The Registrar's advice to Housing Agencies is to institute a commissioning vehicle to fill the gap between the NSW Unsolicited Proposal System and incentivise business innovation in housing.

Existing trends in registration work are expected to continue throughout 2019/20.

Spotlight on Investigations and Complaints

Spotlight on Investigations and Complaints

In the 2018-19 financial year the Registrar conducted a number of significant investigations as a result of complaints or notifications. Investigations require focused and substantial effort and can sometimes lead to additional compliance and/or targeted assessments, enforcement action or the cancellation of registration.

A coordinated effort and intensive casework approach is taken, engaging a number of analysts and staff with various controls put in place to ensure investigations are carried out according to the National Law, policy and the Australian Government Investigation Standards.

In the reporting period and following a lengthy investigation, the Registrar cancelled one registered community housing provider's registration. This was the first time that the Registrar has cancelled a CHP's registration. The provider lodged an appeal of the Registrar's decision to cancel their registration with the NSW Civil and Administrative Appeals Tribunal (NCAT). This was also the first time an appeal to the NCAT has occurred. The process has identified one area in the community housing legislation where changes could be made to better support the investigation process and the appeal process with the objects of the community housing legislation and the principles of good regulation.

Some of the benefits we have seen as a result of the investigations work include:

- Trends and themes have helped inform system requirements to further enhance capabilities of the program and the capture of information not currently included.
- The development of an Information Sheet for Complainants was published on the RCH website, indicating our commitment to be transparent and accountable by ensuring clear and open communication with complainants.
- An Unacceptable Behaviour Statement was also published on the RCH website and is an extension of the 'Guidelines for Managing Unreasonable Complainant Conduct'. This statement indicates our ongoing commitment to be transparent about the manner in which we expect all complainants to interact and communicate with us. This is consistent with the relevant legislation to ensure the health and well-being of staff remains a priority.
- Implementation of a new "Intake Process". A new business process has been developed with the new process partly triggered by the increase in complaints. The process helps to ensure the use of our resources lead to efficiency and effectiveness gains and improves information sharing channels, provides intelligence, enhances our regulatory oversight and improves accountability leading to a better way of dealing with complaints and better or best behaviour by CHPs in satisfying the National Regulatory Code.
- Recording Social Housing Management Transfer complaints received by introducing a new process to record complaints since due to a progressive increase. This new business practice has led to a heightened regulatory oversight while ensuring we remain vigilant in detecting non-compliance with the National Law. This new process also provided significant weight in triggering the Registrar to take a deep dive into a Complaints and Appeals campaign for 2019-2020.

Spotlight on Campaigns

The Registrar conducts targeted 'campaigns' on performance issues that appear to be common across the sector and in which the Registrar needs to form a position for guidance to the local jurisdiction. Such action is designed to assist the sector to respond proactively to emerging regulatory issues and as to inform other Registrars to consider national guidance.

Campaigns allow the Registrar to focus analytical effort and portray a snapshot of an area of performance at a point in time. Reports arising from campaigns are prepared and released to the sector in order to assist with identifying issues and suggest areas for improvement to current systems.

In 2018-19 a number of campaigns were conducted resulting in significant behavioural improvements and positive responses from providers.

Campaigns included:

- Conflict of Interest
- Membership of CHPs
- National Rental Affordability Scheme

Follow up reports on:

- Repairs and Maintenance Satisfaction
- Visibility of Policy and Procedures
- Property Utilisation Reporting

While these largely focused on the performance of Tier 1 and 2 CHPs, there was concentrated effort on Tier 3 CHPs to improve their notification systems during the compliance assessment programme.

Please go to the [Reports tab](#) to see copies of our various campaign reports.

Social Housing Management Transfer (SHMT)

To monitor and report on the impacts of the SHMT program. In late 2018, the Registrar commissioned a series of intelligence briefs which have been shared with the Minister and the DCJ.

The Registrar seeks assurance from the community housing sector via the registration and compliance assessment process that CHPs undertaking or planning to undertake expansion are able to demonstrate a well governed, well managed and financially viable sector that meets the housing needs of tenants in light of the expansion.

Intelligence briefs on the SHMT program will improve the Registrar's understanding of the impacts of the SHMT program on CHPs. The Registrar can use this understanding to inform and potentially adjust compliance monitoring practices, provide advice to the Minister and suggest improvements for future management transfer programs.

The intelligence briefs conclude the first phase of the SHMT campaign. The second phase will commence in 2019-20 and will seek to validate discussions and predictions from the first phase of the campaign. It will look at individual compliance concerns, as well as trends which will likely appear across SHMT involved CHPs. Information will be collected from CHPs as part of their standard annual compliance assessment submission which is due 16 March 2020.

Our Future Focus

Our [Strategic Plan](#) outlines our key priorities for the next year:

- Embedding a new engagement and monitoring program for Tier 3 CHPs and a new model for Tier 1 and 2 CHPs under testing
- Engagement with other Regulators to establish working protocols for “red tape” reduction and improved reporting
- NRSCH Review informed by evidence-based regulatory performance and findings shaped by contemporary regulatory thinking and practices
- Campaigning inherent in business practices influencing the design of regulatory regimes for affordable housing, boarding houses and homelessness providers
- Deliver Standard and Targeted Assessment engagements within timeframes for registered CHPs
- Prioritised effort and capacity building for new entrants
- Harm and trust methods embedded in prioritisation systems for scheduled compliance and triggered engagement responses for all Tiers
- Integration of IT system data sets and metrics between the Registrar, DJC and AHO.
- Property data and analytics tool integrated in new approaches to data use
- Design ideas for a portal approach to the Register and CHPs /funder input tabled within the NRSCH
- Contribute to several law reforms relating to community housing: to amend the scheme design; expand the Registrar’s powers and functions and achieve Registrar’s independence; address fitness for purpose and future orientation of performance outcomes

Some of our key activities will be:

- Stakeholder engagement
- Assess organisations’ suitability for registration
- Monitor compliance
- Investigate complaints regarding CHP compliance
- Take intervention and enforcement action where appropriate
- Provide intelligence on sector performance
- Regulatory operations and registration support for NT and TAS Registrars
- Capacity building and better practice guidance for registered CHP, CHPs seeking registration, and policy and funding managers
- Regulatory stewardship advice to Government
- Further development of the IT system (CHRIS) to improve efficiency, productivity, data integrity, reduce reputational risk, solve business problems, meet new business process/functions, better user experiences - internal and external, this includes:
 - Complaints and Investigations - translating the business requirements into the technical solution and building the solution for NRSCH and Local Schemes by developing new processes (e.g. Formal Referrals); fixing existing problems (within project scope) and updating original configuration to use new functionality.
 - Capacity Building – system functionality enhancements.
 - Registration Enquiries/New Entrant - system functionality enhancements.
 - Focus on generating a wide range of documents in the IT system using Conga Composer – to enable consistency and efficiency.
 - Lightning – transition to new User Interface and new functionality as it is developed. This is a major change and has a significant impact on System Administrators and will be lead by the National Office.