



Part 2

O ur Performance
2018 -2019



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About this document

This report provides an overview of the collective performance of the Registrars administering the National Regulatory System for Community Housing (NRSCH).

This is the second part of a series of reports to be issued for the NRSCH reporting period 2018-2019. The Annual Overview will be released in four discrete parts progressively between July and September 2019. Below is the proposed schedule for the release of these documents.

Part 1 – NRSCH Overview
Released July 2019

Part 2 – Our Performance
Released August 2019

Part 3 – Sector Performance – Non financial
Release September 2019

Part 4 – Sector Performance – Financial
Release September 2019

This is the second published Annual Overview report for the NRSCH, compiled by the NRSCH National Office in collaboration with all NRSCH participating jurisdictions. Previous published NRSCH reports can be found at <http://www.nrsch.gov.au/publications/nrsch-reports>

Scope of this document

This part of the annual overview, **Part 2 - Our Performance**, is more introspective as we look at the performance of regulators through the lens of registered community housing providers that underwent an assessment during the year and provided feedback on the performance of the Registrars through the Service Evaluation Survey. It also looks at our achievements based on the principles of good regulation that we commit to in our daily operations and that underpin our operational policies and procedures.

To learn more about the NRSCH, as well as local policies and news please visit https://www.nrsch.gov.au/states_and_territories/jurisdiction-policy For further information about the Regulatory Framework and how Registrars deliver their functions under the NRSCH please visit <https://www.nrsch.gov.au/publications/nrsch-framework>

Regulatory Service Evaluation Survey

Registrars collect data from a Service Evaluation Survey completed by providers following a compliance assessment. The results of the 2018-2019 compliance surveys are illustrated in a later section of this report: Our Achievements.

A survey is sent to the provider seven days after the assessment is finalised. One survey is sent for each registration and compliance assessment completed. Due to the small numbers of registrations in 2018-2019 only compliance assessment results are presented. Survey results represent the views of providers in relation to the provision of regulatory services.

Response Rate

Over 58% of compliance service evaluation surveys were returned in 2018-2019. Registrars are committed to improving the response rate for service evaluation surveys. The feedback received contributes to the continuous improvement of our services. From 1 July 2019 a new compliance service evaluation survey will be implemented which is shorter and contains more targeted qualitative and quantitative questions. The aim is to improve the information collected from providers in relation to regulatory service.

'Some technical language needs to be improved - e.g. definition of tenancy units amongst some sections was confusing.'

What providers told us

The results from the 2018-2019 Service Evaluation Survey reflected continued general satisfaction with interactions with regulatory staff and the communication of assessment outcomes. However, results also indicated that improvements can be made to the administration of the system, the definitions

used and the way financial data is reported. Registrars heard constructive suggestions in relation to the opening of the Community Housing Regulatory Information System (CHRIS) portal to allow information to be loaded more frequently, for example, when a policy is approved; and proposals supporting the removal of replicated metrics. Registrars also noted feedback on the ambiguity in definitions such as tenancy units and asset classes.

'Portal should be open so information can be loaded more frequently / regularly. e.g. when a policy is approved.'

Using feedback to improve our service

- A guidance note for providers on the reporting of residents, tenants and tenancy units is under development and will be available to providers early in the new financial year.
- A review of the financial reporting tool used to supply information to Registrars is underway to remove replicated metrics, incorporate changes to accounting standards and add flexibility in use. Modifications are likely to be in place in 2020 after consultation with the sector.
- Some suggestions will be considered in recommendations arising from the review of the data needs of the NRSCH. A recommendations paper for public consultation on these matters will be accessible on the NRSCH website in August 2019.

'Being a niche organisation, it was confusing and we required extensive discussion on the definition of how our assets were to be classified'

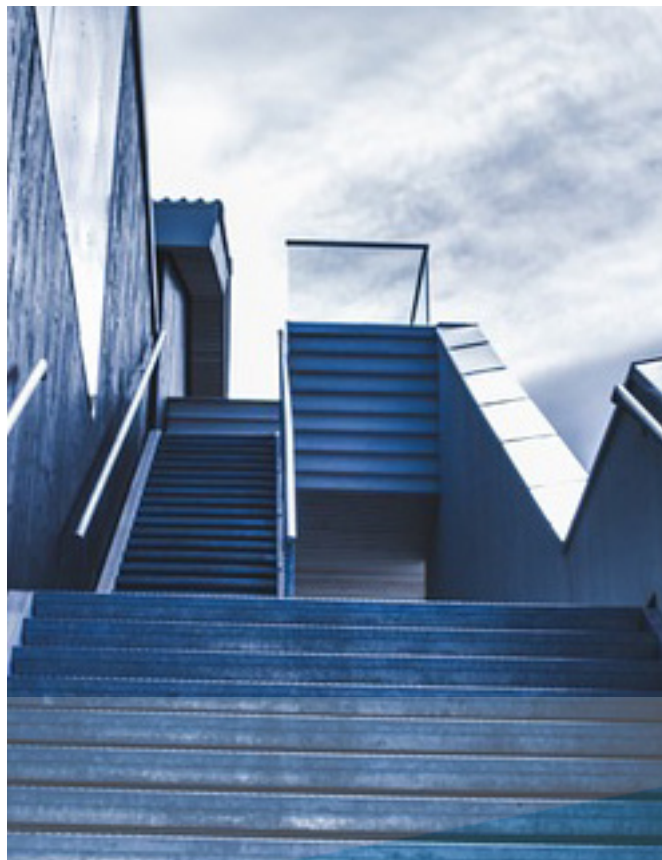
Our Achievements

During 2018-2019 we engaged with almost 55% of all registered providers through standard and targeted compliance assessments. Engagement as a minimum included desk-top review of performance information supplied by providers but may also have included site visits, attendance at board meetings and inspections. Triggers for closer scrutiny of providers are contained in the [national policy on engagement](#) agreed by all Registrars. Regular operational meetings of Registrars indicated this escalatory engagement model was being applied consistently and proportionate to risk and with relative regard to local business factors.

We achieved key milestones in the continuous improvement of the NRSCH aligned with our principles of good regulation. The principles of good regulation reflect how Registrars meet 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.

Proportionate - reflecting the scale and scope of regulated activities

- The NRSCH tier system reflects the difference in the nature, scale and scope of different providers' community housing operations. Registrars continue to implement scheduling for Tier 1 and Tier 2 annually and for Tier 3 providers biennially.
- In response to the findings of the NRSCH Registrars 2018 consultation with Tier 3 providers, a pilot program was established in early 2019 in NSW to better understand whether a segmented approach could be applied to the determination of evidence requirements in an effort to reduce the regulatory burden on Tier 3 community housing providers (CHPs), while allowing for regulatory engagement that is proportionate to the scale and scope of each segment. Further information about the pilot program is available in [Part 1 NRSCH Overview 2018-2019](#).



- Learnings from this pilot will inform Registrars on how such ideas could be applied to new entrants, new business models, and the Tier 1 and Tier 2 community, and may lead to reforms in the coming years.

'The assessment findings were clear and concise. Any opportunity for greater improvement is valued and appreciated.'

Accountable – Able to justify regulatory assessment and be subject to scrutiny

- Planned changes to improve the transparency of information publicly available on the National Register were implemented. These changes delivered improvements to the information recorded about the provider and, where relevant, any regulatory action taken by Registrars. With these changes also came a change to the way compliance reports are presented with the Executive Assessment, outlining the Registrar’s views of CHP’s, being also published on the National Register. This is the a major step in the Registrars’ program of improving public visibility of provider performance to assist choice, public policy and comparative performance reporting.
- Registrars sought to improve the collection of feedback about regulatory services through the redesign of the compliance service evaluation survey. The new survey contains a mix of qualitative and quantitative questions and invites providers to share their views on their experience in the regulatory system. The information collected will be used to improve services.

Consistent – Based on standardised information and methods

- Improvements to the functionality and capability of the Community Housing Regulatory Information System (CHRIS) resulting in better data quality and consequently improved reporting.
- Improved process documentation to support the management of complaints about CHPs resulting in greater uniformity in the recording of these types of complaints across jurisdictions. Systems will be aligned in the coming year to improve complaint reporting and case management.

‘We are committed to continuous improvement and given the nature of the audit (sic) report I am satisfied with the response.’

Figure 1 – Trend data in response to survey question – The Registrar provided a clear explanation of the assessment.

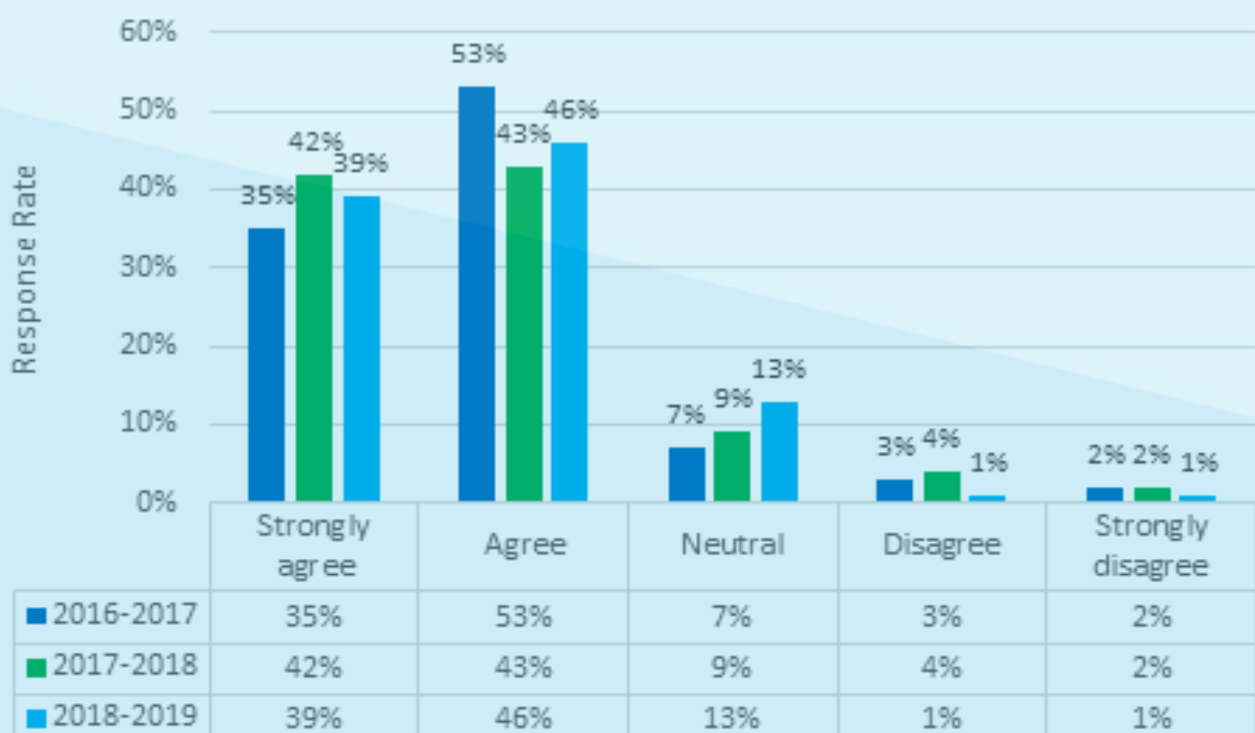
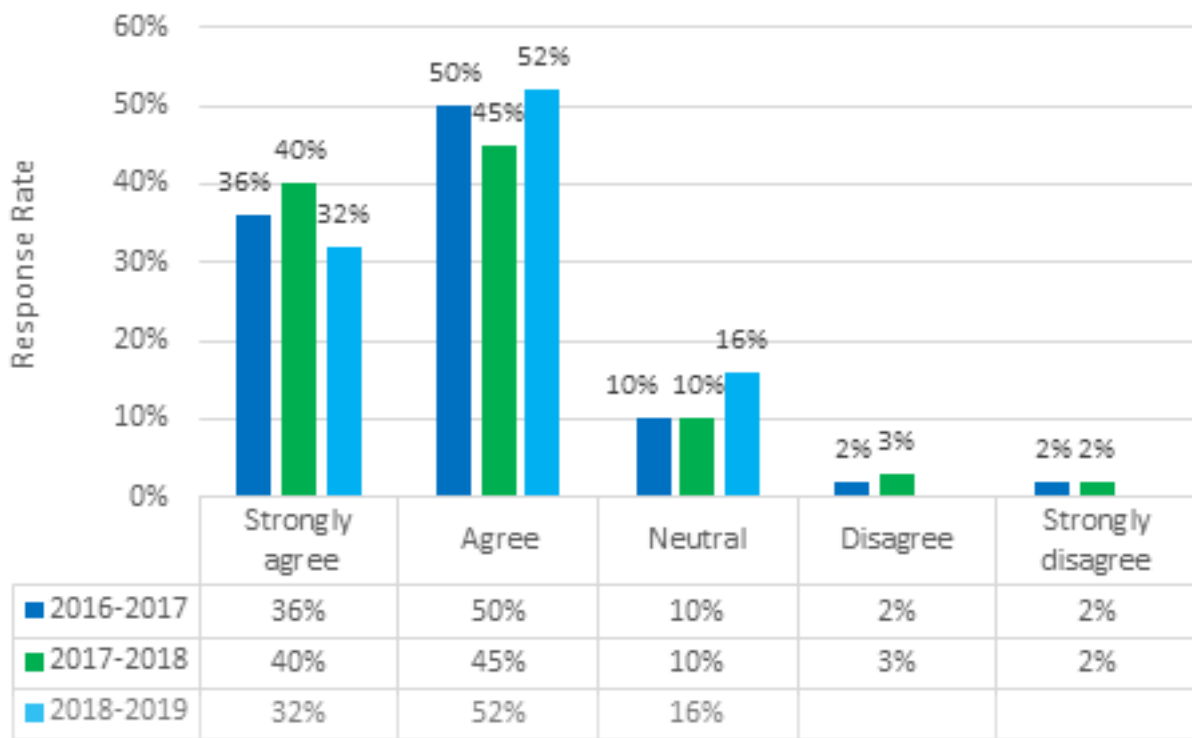


Figure 2 – Trend data in response to survey question – The Registrar made recommendations that were reasonable and achievable.



Transparent – Clear and open processes and decisions

- Improved transparency of information about providers to boost confidence in the community housing sector and support growth and development. This included changes to the National Register incorporating the compliance information history for CHPs and the publishing of the first comprehensive NRSCH Annual Overview for the reporting period 2017-2018. Building on these steps, the Registrars' are seeking to produce more frequent and targeted reporting.

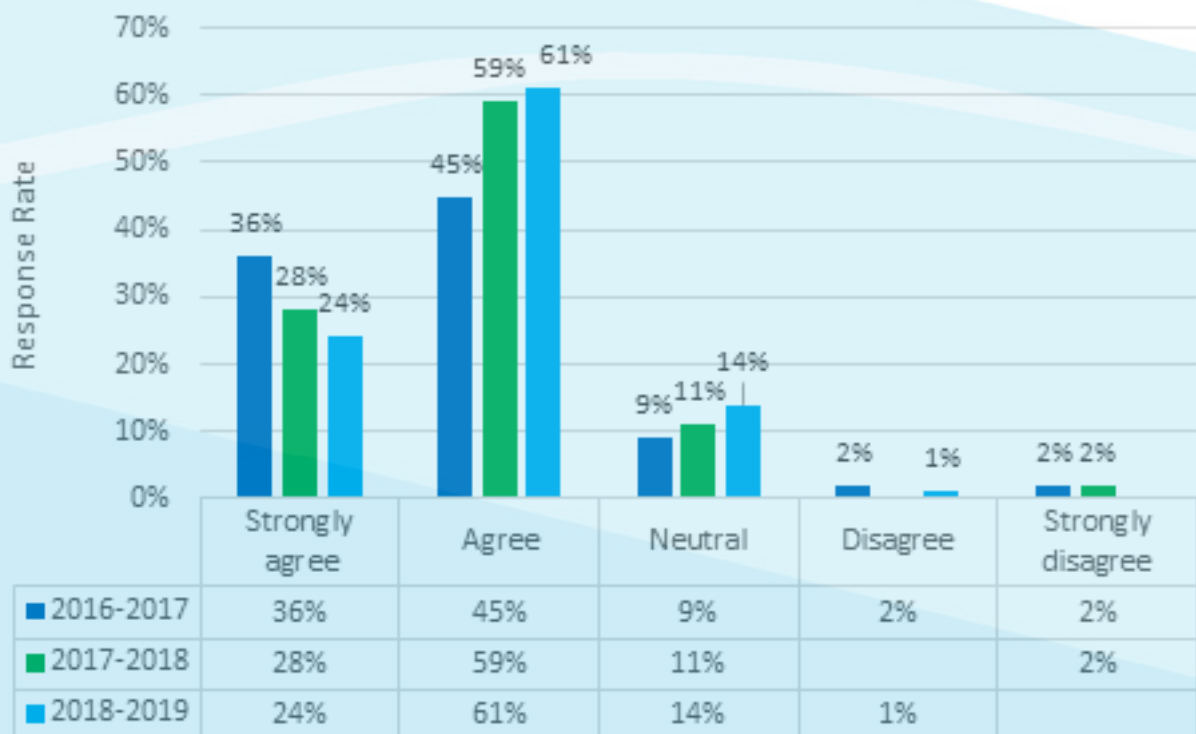
'Very happy with the way the 2018 Compliance was conducted. The Registrar staff were extremely helpful and understanding of other time commitments in running a business.'

Flexible – Avoiding unnecessary rules about how providers organise their business and demonstrate compliance

- New registrations during the reporting period illustrate the diverse range and types of providers that operate within the NRSCH. Flexibility and the absence of rules which could act as inhibitors to certain provider types or corporate arrangements support diversity. This is evidenced by the diversity in the 23 new providers registered during the reporting period including:
 - Six Aboriginal corporations
 - Six companies incorporated with shares
 - Five companies limited by guarantee
 - Two cooperatives
 - Four incorporated associations

- Under the Tier 3 pilot program a more flexible phased compliance cycle that gives regulatory assurance of the provider's performance over a four-year period has been adopted. The first phase involves NSW providers that own or manage 10 or fewer properties. The next phases acknowledge the diversity of the Tier 3 sector as it crosses homelessness, domestic violence, disability, aged care, specialist cultural support services, and so on. The program involves more frequent engagement, requiring less but more targeted information. The findings from the first phase of the pilot program will be available early in the new financial year.

Figure 3 – Trend data in response to survey question – The Registrar's requirements encouraged my organisation to self-assess, where appropriate.



Self-assessment is a core component of continuous improvement. It is part of an overall quality system for providers to assess how well their systems are working. The discipline of the evidence requirements and the recommendations made to providers combine to promote continuous improvement in the NRSCH.

Targeted - Focused on the core purpose of improved tenant outcomes and protecting vulnerable tenants, protecting government funding and equity and ensuring investor and partner confidence

- The Registrars have taken steps during the year to identify national trends and deal with potential issues collectively. The first such targeted program related to viability concerns over the approaching end of the National Rental Affordability Scheme (NRAS).
- Under the program, Registrars reviewed the preparedness of CHPs to deal with the end of NRAS funding. Registrars have been monitoring how affected CHPs are making appropriate provisions/plans to prepare for the winding down of the NRAS incentives as part of their ongoing Compliance Return process under the NRSCH. The cumulative view is that the sector is planning for the wind-down and is diversifying in response; however, risks to providers and the public from impacts on the affordable housing sector remain.
- As a group, Registrars work preventatively to ensure that negative impacts are minimised. Registrars use their advisory functions to provide such viability assessments to the sector and through to funding and policy colleagues.

‘As we use the financial report it becomes more familiar. At first, it was very difficult for a small org to understand - we needed assistance from our accountant.’

Figure 4 shows that the Financial Performance Report provides satisfactory opportunity to demonstrate an organisation’s financial viability. Broader consideration is being given to the future of the Financial Performance Report to address some concerns raised, improve efficiency of regulation, impose the least necessary compliance cost on providers to maintain the standards set by the NRSCH and provide the assurance necessary for investment in social and affordable housing.

‘The FPR is complicated and smaller CHPs do not necessarily have the staffing to allocate to these tasks, and if they do not, then purchasing those services are a disproportionate burden on smaller CHPs.’

Figure 4 – Trend data in response to survey question – The Financial Performance Report provided satisfactory opportunity to demonstrate my organisation’s financial viability.

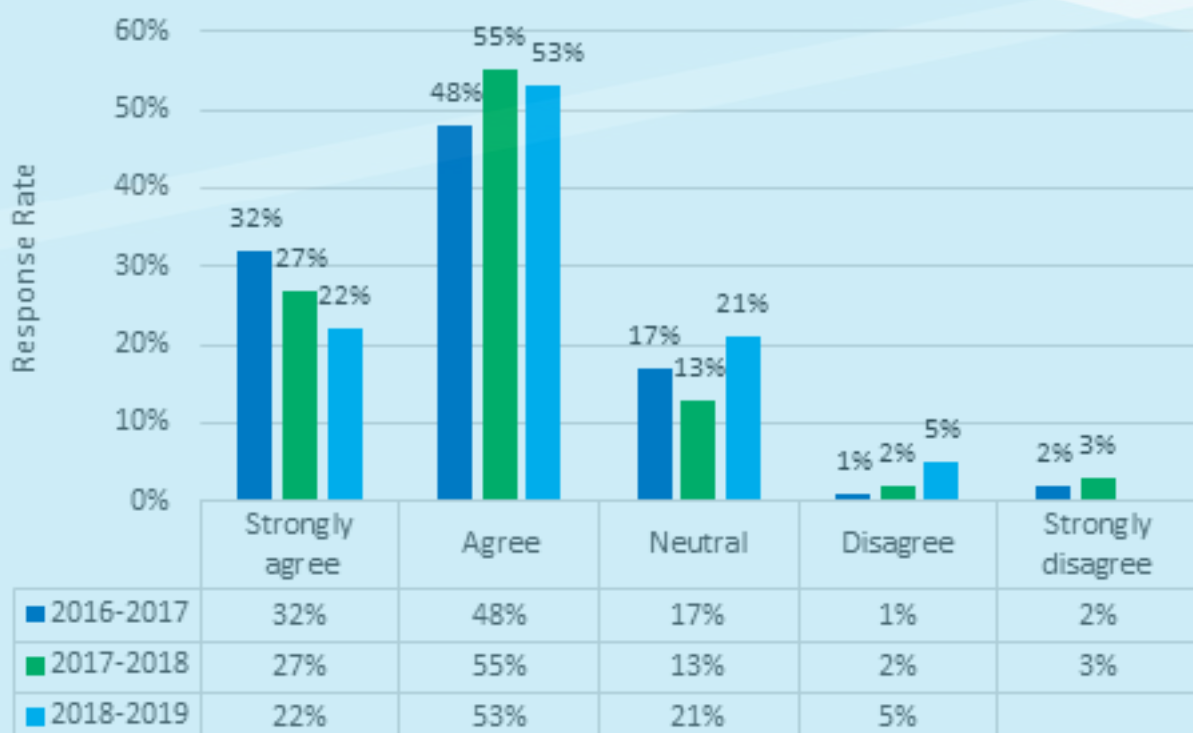


Figure 5 shows that providers generally agree that NRSCH staff are professional in their manner. The general views expressed by providers were reflected in their comments.

‘The analyst this year appeared to spend more time understanding the submission and asking clarifying questions and evidence as well as providing sufficient time to reply. I think this approach is beneficial to the CHP as well as the Registrar’

Figure 5 – Trend data in response to survey question – The Registrar’s staff responded to enquiries in a professional manner.

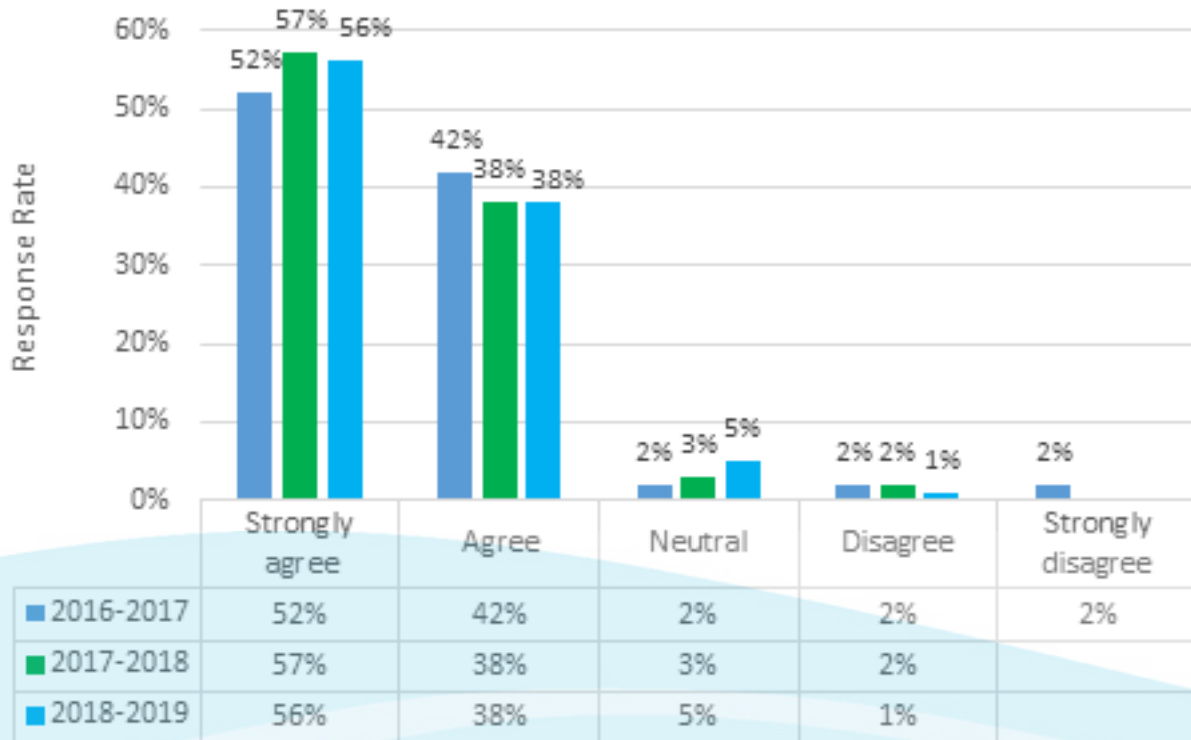
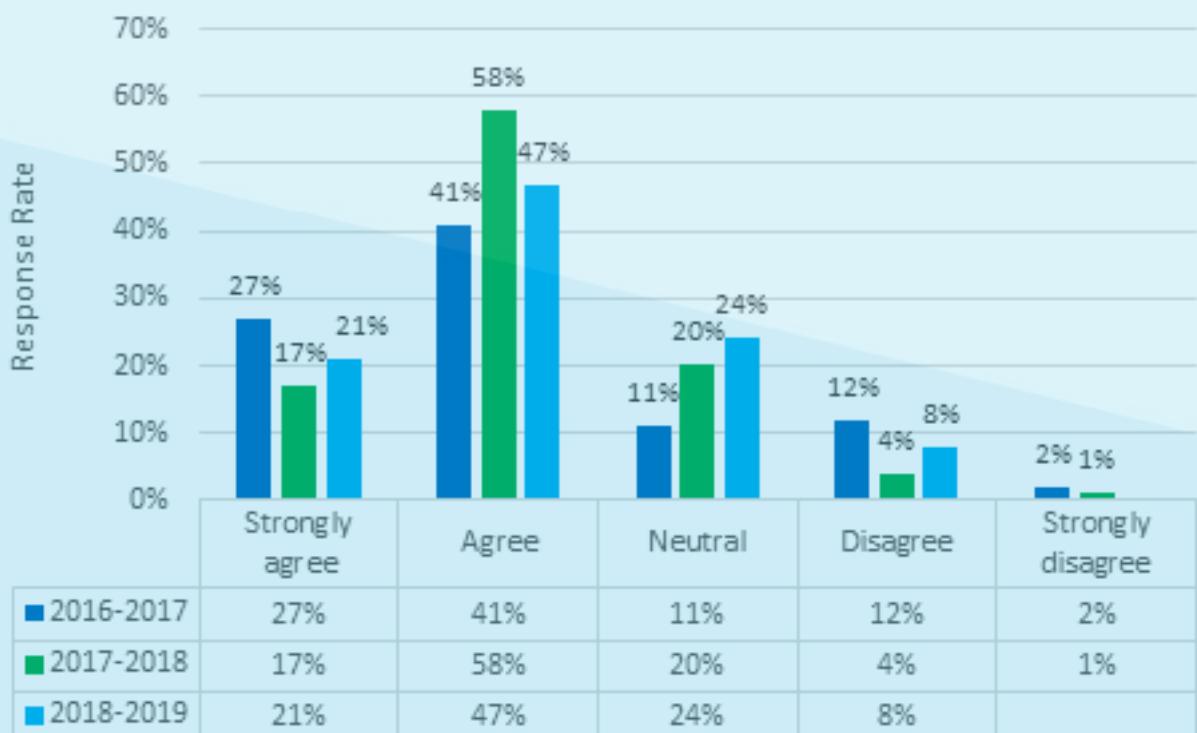


Figure 6 – Trend data in response to survey question – The NRSCH guidelines were clear and instructive.



How we performed - processing standard compliance assessments

During 2018-2019 a total of 150 standard compliance assessments were completed. These records have been used to establish a median timeframe for the completion of an assessment. The methodology used to determine the number of days was the difference between the assessment commencement date and the date the draft report was released. The NRSCH standard for the completion of a standard compliance assessment is 56 days (8 weeks).

In the pursuit of consistency, the NRSCH has set a schedule for the initiation of a CHP's assessment, typically based on the Tier. Based on the NRSCH compliance schedule, Tier 1 and Tier 2 compliance returns are released in October each year and Tier 3 compliance returns are released in February biennially. Currently the operational measure for completion of an assessment is distorted as the larger jurisdictions cannot process all assessments within 8 weeks of lodgement and have to stage their interaction with CHPs.

An influx of returns, for particularly Tier 3 providers, at a given time can create delays in the commencement of an assessment following the lodgement of the return by the provider. Tier 3 providers account for 75% of all registered providers and almost 58% of the assessments completed this year. As noted earlier, the Tier 3 pilot program underway is considering options for the timing of compliance assessments to better reflect business and regulatory resourcing needs.

The approach to measuring time taken leads to a national median time frame for the completion of a compliance assessment during the reporting period as 44.5 days and the average being 80 days. The time taken to carry out the assessment will depend upon whether, in addition to the standard return, further regulatory engagement is necessary and the complexity of the organisational structure.



The collection of data and assessment approach requires review

Registrars acknowledge that the current scheduling of CHPs can be problematic, particularly for larger jurisdictions. Some NRSCH jurisdictions have adjusted the schedule to manage the volume of assessments for processing at a given time. Changes to the assessment schedule will be considered as part of broader decisions in relation to data collection and segmentation of providers based on the nature, scale and scope of the CHP's housing activities. The Registrars will continue to engage with the sector in relation to system reforms and the timing of assessments based on business needs, risk and capacity.

Vision for the future - NRSCH Review

Under the terms of the Inter-Governmental Agreement for a National Regulatory System for Community Housing Providers, the participating jurisdictions are required to review “the operation and terms of the National Law and [the] Agreement; and determine the effectiveness of the National Regulatory System” after the system has been in operation for 5 years.

On 1 March 2018, the Commonwealth and state and territory governments established a Working Group comprised of Commonwealth, state and territory officials to undertake a review of the NRSCH.

In response to the [NRSCH Discussion Paper](#) participating Registrars provided a collective submission to the NRSCH Review in April 2019. Below is an extract of the key themes. A full copy of the Registrars’ submission is available on the [NRSCH Review](#) page.

- The purpose and objectives of both the National Regulatory System (NRS) and the Inter-Government Agreement remain relevant.
- Regulation should be broadened to include providers that are currently precluded from participating in the NRS (through for example the requirement to adopt a model wind-up-clause or conform to particular body corporate provisions) and to provide assurance about the broader range of subsidised housing services delivered through assets, land, concessions and/or funding to the wide variety of government supported tenancies.
- The system should acknowledge the differences in policy and funding management frameworks that support the NRS outcomes in different jurisdictions.
- Registrars support the inclusion of a defined function in legislation in providing capacity building of providers and organisations applying to become registered housing providers. Such a function would incorporate more of a public education role and also include advice and guidance to participants in the Scheme.
- Increase powers of the Registrar to seek information from a number of parties including directly from tenants and information from Housing Agencies. This will support a better system understanding of outcomes achieved for tenants through housing provision and enable tenants views to be an influence in determining compliance of the provider.
- Establish mechanisms for quality assurance of consistency of decisions and internal review of decisions across participating jurisdictions.
- The tiering system as a proxy for tender assessment is an unintended consequence of the regulatory system.
- Consideration of the current and future challenges to the system and making the system less defined and more nimble to respond to new challenges. One of the examples is a further segmentation of providers beyond the Tier system to a more finely granulated way of regulating for outcomes.
- Some adjustments to the Registrars’ powers are required to enable the system to operate more effectively. Registrars are assessing the impact on all registered providers’ tenants, not only for tenants in government owned properties. In summary what is required is the following:
 1. Removal of restriction to access tenant information, and to directly interview tenants in a way that is not mediated by providers.
 2. Increase Registrar powers to obtain information from relevant parties.
 3. Allow for more flexibility for the Registrar to define the type of housing delivery providers are registered for with tailored evidence requirements.
 4. Define roles and responsibility mechanisms for the Housing Agency.
 5. Compel non-registered organisations (including government providers at any level of government) to achieve registration as subsidised housing providers.
 6. Establish penalty infringements for certain aspects of non-compliance as a necessary power to effective regulation of providers.

For more information

For more information on the
National Regulatory System for
Community Housing, please visit:
www.nrsch.gov.au