

CHIA QLD
(CHPs for QLD LIMITED)

Submission

Review of the National Regulatory System for Community Housing
(NRSCH)



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CHIA QLD is the independent industry body representing community housing providers (CHPs) in Queensland. Our vision is that Queensland CHPs lead the way in meeting housing need in communities that support life opportunities.



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In producing this submission, CHIA QLD also acknowledges the ongoing commitment of its community housing provider members across Queensland's cities and regions in housing people vulnerable to poverty and disadvantage.

In making this submission, CHIA QLD acknowledges the ongoing work of The Queensland Registrar and his Office in working with Queensland CHPs to enhance the NRSCH in Queensland.

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1. Summary

CHIA QLD (Community Housing Industry Association Queensland) makes this submission on behalf of its members including Tier 1, 2 and 3 Community Housing Providers (CHPs) registered under the National Regulatory System Community Housing (NRSCH).

As the industry body representing CHPs in Queensland, CHIA QLD has addressed the following in its submission:

- a. NRSCH Review Context
- b. Outcomes sought from the review of the NRSCH in order that an enhanced and nationally cohesive system is in place
- c. CHIA QLDs governance, strategy and operating contexts
- d. The operating contexts for CHPs in Queensland
- e. Responses to the NRSCH Review Discussion Paper as published by the NSW Government's Department of Family & Community Services on 17 December 2018.

CHIA QLD welcomes the opportunity to participate in this important review and looks forward to its findings.

2. NRSCH Review Context

As the industry body representing community housing providers (CHPs) in Queensland, the Community Housing Industry Association Queensland (CHIA QLD)¹ makes this submission, on behalf of its members in Queensland cities and regions state-wide. CHIA QLD is the business name for CHPs for QLD LIMITED², as registered with the Australian Securities and Investments Commission (ASIC). CHIA QLD's vision is that "Queensland's CHP industry leads the way in meeting housing need in communities that support life opportunities." Its purpose, as a forward-looking advocate, is for "Queensland's community housing industry to engage in robust state/national policy."

CHIA QLD's submission is made in response to the consultation conducted by the National Regulatory System for Community Housing (NRSCH) Working Group (Working Group) established by the Australian Government, state and territory governments on 1 March 2018, through the Housing and Homelessness Senior Officials' Network, to review the NRSCH (the Review). The submission responds to the Review Discussion Paper³ issued by the NSW Government, Department of Family & Community Services on 17 December 2018. This submission also responds to the consultation questions at Chapter 6 in the Discussion Paper.

CHIA QLD notes that, as part of this, the Inter-Government Agreement (IGA) for the NRSCH requires a review be completed after five years, or as otherwise agreed, and that the Review will:

- Assess whether the purpose and objectives of the IGA and National Law are still relevant
- Assess whether the purpose and objectives of the IGA and National Law have been met
- NRSCH has been implemented effectively to achieve those objectives
- Identify potential options to update the NRSCH to ensure it remains able to support the operating environment of providers and changes in the funding and policy settings of the Australian and state and territory governments

¹ CHIA QLD, LinkedIn, Accessed 26 March 2019, <https://www.linkedin.com/company/18730030/admin/>

² CHPs for QLD LIMITED, Accessed 26 March 2019, <http://chpsforqld.org.au>

³ NSW Government, Department of Family & Community Services, The Review of the National Regulatory System for Community Housing, Discussion Paper, NRSCH Review Working Group, Accessed 1 April 2019, <https://www.facs.nsw.gov.au/about/reforms/NRSCH/review-of-the-national-regulatory-system-for-community-housing>

- Assess what changes to the NRSCH or other options for the future national regulatory system might be required to support the introduction of the Affordable Housing Bond Aggregator (AHBA) as part of the National Housing Finance and Investment Corporation (NHFIC)⁴
- Assess what changes to the NRSCH or other options for a future regulatory system might be required to support any future decision by Victoria and Western Australia to join the NRSCH
- Outline the best method to implement any reforms that are identified as part of the Review.⁵

CHIA QLD further notes that the Working Group will consider the purpose of industry regulation as outlined in the IGA, including a framework to:

- Improve tenant outcomes and protect vulnerable tenants
- Protect present and future government funding and equity in social and affordable housing
- Enhance confidence for persons (including investors and financiers) having dealings with registered CHPs, and that
- The NRSCH Secretariat, with state and territory Registrars, will also examine current and future financial reporting requirements.⁶

3. Introduction

CHIA QLD supports a regulatory system that is relevant, fair, transparent, robust and nationally consistent. CHIA QLD also seeks a system that supports and underpins the ongoing growth and expansion of the CHP industry in Queensland and Australia. The NRSCH Review provides an opportunity to further develop, strengthen and embed the NRSCH framework to ensure it is responsive and sustainable within changing political, legislative, strategic, policy and operational environments at Australian Government and state and territory levels.

In particular, CHIA QLD seeks the following from the Review:

- Nationally consistent** approach to the NRSCH⁷ in order that its operations are effective across the Commonwealth, NHFIC, Queensland Government's Department of Housing and Public Works (DHPW) and CHPs
- Streamlined and integrated** NRSCH reporting and compliance requirements with other key inter-related systems, for example, DHPW, NHFIC, National Disability Insurance Agency's (NDIAs) National Disability Insurance Scheme (NDIS),⁸ Australian Charities and Not-for-Profits Commission (ACNC), ASIC and the Australian Government's Office of the Registrar of Indigenous Corporations (ORIC), Australian Accounting Standards, and the State Government's Community Housing and Charity Regulations
- Improved flexibility** in regulating Tier 3 CHPs to facilitate increased registration and retention; and particularly of smaller CHPs and Indigenous Community Housing Organisations (ICHOs) due to low registration numbers in Queensland⁹
- Ongoing industry development** and capability building in the context of the State Government's Queensland Housing Strategy 2017-2027 (Queensland Housing Strategy), Partnering for Growth with the community housing sector initiative (Partnering for Growth) and Housing Construction Jobs Program (HCJP) which underpin the Queensland Housing Strategy

⁴ Australian Government, National Housing Finance and Investment Corporation, Bond Aggregator, Accessed 26 March 2019, <https://nhfic.gov.au/bond-aggregator/>

⁵ NSW Government, Department of Family & Community Services, The Review of the National Regulatory System for Community Housing, Discussion Paper, NRSCH Review Working Group, Accessed 1 April 2019, <https://www.facs.nsw.gov.au/about/reforms/NRSCH/review-of-the-national-regulatory-system-for-community-housing> Page 4.

⁶ Ibid, Page 5.

⁷ Community Housing Industry Association, Review of the National Regulatory System for Community Housing, The Community Housing Industry Association (CHIA) Submission to the Discussion Paper, 4 April 2019, Page 1.

⁸ NDIS, Quality and Safeguards, Accessed 1 April 2019, <https://www.ndis.gov.au/providers/quality-and-safeguards>

⁹ Dr Michael Fotheringham, Executive Director, AHURI, Note of Meeting of Queensland Stakeholder Roundtable for the NRSCH Review, 20 February 2019.

- e. **Review of ‘good practice’** from other regulatory regimes that may enhance the NRSCH¹⁰
- f. Proactive information and publicity about the CHP industry and its work with government and private industry to house people vulnerable to poverty and disadvantage
- g. **A regulatory system that is risk-based** and which accounts for all social and affordable housing to ensure consistent standards across community, public, Indigenous and private sector providers.

4. CHIA QLD

Established in 2014, by CHP leaders, CHIA QLD is the independent industry body representing CHPs in this state. CHIA QLD is also state branch of national body; Community Housing Industry Association (CHIA). Governed under its Constitution, Australian law and regulation, including the Corporations Act 2001 (Cth), Australian Securities and Investments Commission (ASIC) Act 2001 and taxation law, CHIA QLD is a public company limited by guarantee and its objects include:

- a. **Development of key networks and a collaborative approach** to addressing issues facing service providers in the CHP industry in Queensland and nationally
- b. **Collegial sharing of information, knowledge and personnel** for the purposes of developing policy and strategies aimed at promoting and achieving best practice among service providers in the CHP industry in Queensland
- c. **Promotion of growth** in the supply of high-quality community housing in Queensland
- d. Provide a **forum** for collaboration with Government in the CHP industry
- e. **Development of bi-lateral links** with other representative organisations having common interests with the Members of CHIA QLD to maximise sharing of resources for the betterment of the CHP industry in Queensland and nationally.

Governed by its Board of Directors, CHIA QLD’s Strategic Plan 2018 – 2021 includes four goals:

- a. **Reform** existing social and affordable housing models
- b. **Emerging** opportunities, new products and services
- c. Urban and regional **planning**
- d. Organisational and financial **viability**.

The CEO leads the day to day operations. The Company Secretary ensures organisational compliance.

5. Queensland’s Operating Context

Queensland is the third most populous state in Australia and second largest state/territory in geographical size. It is also Australia’s most geographically diverse state increasing the complexity of planning and delivering housing and other key infrastructure.

In Queensland there are currently 81 CHPs registered under the NRSCH. Four are Tier 1, nine are Tier 2 and 68 are Tier 3. Four Tier 1 CHPs and one Tier 3 CHP also operate in Queensland as a secondary jurisdiction.¹¹ It is therefore evident that, in Queensland, there is a relatively low number of Tier 1 providers, a higher number of Tier 2 which operate primarily in the regions and that the majority of registered CHPs are Tier 3.¹²NRSCH

¹⁰ Community Housing Industry Association, Review of the National Regulatory System for Community Housing, The Community Housing Industry Association (CHIA) Submission to the Discussion Paper, 4 April 2019, Page 1.

¹¹ Email from Office of The Queensland Registrar, 26 March 2019.

¹² Coast2Bay Housing Group Response to the Review of the National Regulatory System for Community Housing (NRSCH), March 2019, Page 3.

regulatory requirements have also been successfully incorporated into Tier 1 and 2 operating systems although there is still a significant level of overlap and duplication¹³ arising from compliance and reporting requirements of the DHPW, for example.

The recent introduction of NHFIC and its compliance regime is an important additional consideration in this state and nationally in terms of how and/or whether the updated NRSCH can integrate and streamline its requirements with those of NHFIC. Ideally, arising from this review, a new framework will include an integrated approach across the DHPW, NRSCH and NHFIC to simplify reporting and compliance to the benefit of CHPs and the system overall.

The following data is drawn from the Queensland Housing Strategy, Partnering for Growth and Q Shelter's Queensland Community Housing Prospectus - A time for growth. It provides a further understanding of the operating context for Queensland CHPs:

- 76% increase in the industry portfolio in last decade
- 71,856 low income households managed by DHPW
- 13,601 properties managed by the CHP industry with majority of household identified as 'high' and 'very high' need under DHPW tenant eligibility criteria
- 76% of stock includes 1-, 2- or 3-bedroom dwellings
- 99% occupancy rate in CHP stock at end Jun 17
- 30 ICHOs including 16 Aboriginal and Torres Strait Islander Councils manage 5,000 properties
- 400 new homes by 2020 as part of the Queensland Government's development pipeline
- 5 million people resident in Queensland now
- 5.7 million people projected to live in Queensland by 2027
- 380,000 new homes required in Queensland by 2027
- 5,556 new social and affordable dwellings to be built through the HCJP under the Queensland Housing Strategy
- 10,000 affordable dwellings to be built under the Queensland State Infrastructure Plan
- 1.7 million square kilometres or 22.5% of Australia's landmass
- 77 local governments state-wide
- \$2 billion to be unlocked to grow affordable housing in this state through Partnering for Growth.

6. Response to NRSCH Consultation Questions

Following is CHIA QLDs response to the NRSCH Discussion Paper consultation questions.

a. Regulation of Community Housing

Is regulation still required and relevant to the Community Housing Sector. Why / why not. What do you think regulation of this sector should aim to achieve?

The NRSCH has achieved a lot in working with the CHP industry in this state. There is however much work to be done to reduce the regulatory burden on CHPs and potentially to introduce a state-based framework that, while nationally consistent in outcomes, provides a streamlined and integrated approach to compliance and regulation in Queensland.

¹³ Ibid.

Should community housing regulation apply to all forms of affordable housing, including for-profit providers? What modifications to the NRSCH would be required to appropriately support their inclusion?

CHIA QLD supports application of a regulatory system and framework to for-profit providers. There is no valid reason as to why such providers would be excluded from this system and in fact, if they were, it would place an undue and unequal burden on non-profit providers. Key considerations would include relevant national and state-based legislation and regulation and differing requirements under ASIC and Australian taxation law. CHIA QLD further notes that this is a specialist area and one in which CHPs have amassed significant body of knowledge, expertise, good governance, strategy, operations and good practice which is a key consideration in future decisions as to provider categories.

What do you think the vision for regulation of the sector should be moving forward and how could the design and operation of the NRSCH support this? What role should the NIDF have in the NRSCH?

The vision for the industry should be to underpin the growth and development of CHPs in Queensland and Australia in order that people vulnerable to poverty and disadvantage are not further disenfranchised by a lack of safe, secure and affordable housing. CHIA QLD supports a focus on the outcomes as set out in the NIDF.

What is the impact (positive and negative) of having three different regulatory systems across Australia? Would there be benefits in WA and Victoria in joining the NRSCH?

CHIA QLD supports an integrated national system across all Australian states and territories. The current system provides for fragmentation and provides challenges in terms of cohesion and understanding the national positive impact of CHPs within Australia's housing system.

b. Design of the Scheme

Are the purpose and objectives of the NRSCH and the IGA still relevant? Do they appropriately address current and future challenges?

CHIA QLD seeks a regulatory system that supports ongoing industry development, and which builds on good practice. CHIA QLD also seeks a system that provides additional flexibility for Tier 3 CHPs and ICHOs in Queensland to facilitate increased and retained registration. A new regulatory system should apply equally across community, public, Indigenous provider housing to provide a consistent framework through which policy can be equally applied; to the benefit of tenants, providers and government.

Is there sufficient flexibility in the NRSCH to achieve its purpose and objectives?

Given the feedback from the NRSCH Stakeholder Roundtable hosted by the DHPW on 20 February 2019, CHIA QLD supports increased flexibility within the NRSCH in order to achieve its purpose and objectives. This is particularly the case for Tier 3 providers and ICHOs as a 'one size' does not necessarily fit all. In potentially integrating a new regulatory system with the requirements of NHFIC and the DHPWs, Partnering for Growth initiative, this will also be an important consideration.

Are there existing forms of regulation that overlap with the NRSCH?

This is the case in Queensland as stated in Item 3. Introduction above.

Is there any other role the NRSCH should be undertaking that it is currently not?

CHIA proposes a national registrar with state/territory-based offices. CHIA QLD sees merit in this as it would enable independence and a consistent national approach, over time. This may also facilitate improved outcomes under NHFIC and a streamlined approach to state-based negotiations over housing supply under the National Housing and Homelessness Agreement (NHHA) and Queensland Government initiatives to generate

housing supply including Partnering for Growth. Board appointments would be on the basis of skills, expertise, industry knowledge.

Is the current design of the NRSCH conducive to efficient and effective regulation of the sector? Could the design of the NRSCH be improved or streamlined?

A key area for improvement is that analysts visiting CHPs need to be well versed in the business of community housing, including how non-profit companies are structured, governed and managed. Also key is an understanding of how regulation impacts a CHP in terms of preparation, and not just that relating to the NRSCH. Financial recognition of this in funding agreements in order that excellence in compliance is enabled, across regulatory systems, would be a significant step forward.

Should the NRSCH be modified to better regulate smaller CHPs?

This has already been answered above in the positive.

Are the indicators and thresholds in the Evidence Guidelines appropriate for demonstrating compliance with the National regulatory Code?

A key outcome here would be indicators that provide state-based performance comparisons over time; as well as national. This would provide the housing system from governments through to CHPs with the evidence, data and information required to effect improvements.

Are Registrars enforcement and investigative powers sufficient to protect tenants and public assets allocated to CHPs?

CHIA QLD is of the view that, yes, this is the case, but this also relates to the question of an analyst's capacity and understanding of CHPs and their business governance, strategic and operational structures and functions.

c. Operation of the NRSCH

Has the NRSCH been implemented in a way that is consistent with its regulatory principles?

Feedback from CHIA QLD members is that some of regulatory principles (proportionate, accountable, and transparent) have been successfully applied by the NRSCH and that there is more work to do to enhance other principles including consistency, flexibility and targeted approaches.

How could CHPs data reporting requirements be better streamlined to reduce compliance burden, including overlap with other regulatory systems?

CHPs comply with multiple reporting and compliance systems. Just as the health system has recently introduced a national database, it would be helpful to the housing system more generally across Australia if such an approach were adopted; ensuring that tenant privacy is protected and any commercial in confidence matters.

Does the NRSCH provide sufficient information to stakeholders?

As with every system, the NRSCH could improve its information sharing with stakeholders. This is a critical consideration into the future as CHPs, governments, tenants, the public, media and other stakeholders rely on data to better understand how tax payer funds are being allocated at Australian Government and state and territory levels.

Are NRSCH communications with stakeholders effective in demonstrating the purpose, operation and performance of the NRSCH and relative performance of CHPs
Communications is an area within any system that requires ongoing and focused effort. This is particularly the case in a regulatory regime so that all stakeholders understand performance requirements and can access information as required in order to meet such.

How has the NRSCH affected tenant outcomes? Have tenant outcomes improved?
This is an area for improvement in the future regulatory regime and one that would better inform CHPs, government, tenants and the broader public.

d. Current and Future Challenges

Should the NRSCH be modified to better regulate ATSI CHPs

While some ATSI CHPs may have a different view, which is fair and reasonable, in order to 'bring everybody along equally, CHIA QLD is of the view that this would be a positive approach.

Is the current risk management approach to the NRSCH appropriate? Does the tiered system adequately capture risk? What improvements could be made?

Risk and mitigation are an ever-increasingly important factor in governance, strategy and operations. In CHIA QLDs view, a more flexible approach could be incorporated to assist in changing organisational cultures from being risk-averse to risk-tolerant.

Has the NRSCH impacted CHP decisions to enter new jurisdictions?

No, this is not the case. In Queensland there are currently five CHPs operating with Queensland as their second jurisdiction.

What role should the NRSCH have in building organisational capacity in the sector?

The regulatory framework provides an excellent opportunity to work with government and CHPs to build industry capacity. Once again, where possible, an integrated approach would be helpful.

Could CHP data reporting better support increased investment in the sector?

Without a doubt. Any investor whether government, financier or philanthropist is interested in the financial health of an organisation. A database of CHP performance in this regards that provides such information and assists individual CHPs in their financial management, growth and development would be beneficial.

Has the NRSCH impacted sector growth and development?

CHIA QLD would like to see evidence of such built into any future regulatory framework as this would assist in substantiating the ongoing need for transparent, fair, robust and consistent regulation and provide an evidence-based approach to growth and development.