



Decision Regulation Impact Statement

**National Regulatory System for
Community Housing Providers**

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Executive Summary

The community housing sector is growing as a result of government policies aimed at supporting the community housing sector to deliver more social and affordable housing. There is general support amongst stakeholders for a national regulatory system which provides an environment for growth, protects the interests of tenants, and gives assurance to government funding bodies and private lenders.

Regulation is currently undertaken at the state and territory government level with a range of legislative and administrative controls which add regulatory complexity and cost for housing providers operating in more than one jurisdiction, and undermine confidence in the sector by lenders and property developers operating nationally. To address this Commonwealth and state and territory governments through COAG have committed to introducing a nationally consistent regulatory system for community housing providers.

This Regulation Impact Statement examines the impact of a nationally consistent regulatory system to be introduced by way of an applied law system as agreed by Housing Ministers in December 2010. The model allows for state and territory appointed registrars, nationally consistent regularity requirements, and an independent advisory committee to advise Ministers on the ongoing effectiveness of the National Regulatory System. Housing providers operating in more than one jurisdiction will only have to register once and deal with a single registrar unlike under current arrangements. The proposed model allows for registration of the full range of community housing providers whatever their size of business functions whilst supporting a proportionate approach to regulation based on risk.

The Cost-Benefit Analysis is summarised at Element 4 with the full report provided at Appendix 1. The CBA measures the net impact of introducing the National Regulatory System in terms of costs and benefits to state and territory governments, and housing providers of different types defined by their scale and whether they operate across jurisdictions. Information for the CBA was gathered from a range of sources including surveys and interviews with housing providers and workshops with regulators and housing officials.

The costs and benefits were analysed for the two regulatory options presented in the Regulation Impact Statement – Option 1 (status quo) where each jurisdiction maintains their own regulatory system and Option 2 where a nationally consistent regulatory system is enacted. Under both options it was assumed that future growth of community housing would be primarily driven by funding and policy decisions outside of regulatory arrangements.

To take into account the difficulty in attempting to predict future funding decisions by state and territory governments, the CBA looked at two main scenarios. The first assumed policy and funding settings where there is 2% additional investment in community housing (reflecting the bottom range of historical jurisdictional growth) and the second assumed settings that led to an increased investment of 6% per annum. The CBA then analysed the historical differences in the rate of growth between those jurisdictions which had an existing regulatory system in place and those which did not, and came up with a leverage factor of between 0.5% and 3% which it attributes to the introduction of an NRS-like system.

Even using the most conservative assumptions (i.e. 2% additional investment in community housing and 0.5% leverage from the introduction of the NRS) the net

benefits of the NRS over the decade to 2021 were calculated to be \$33.6 million. Using the most optimistic assumptions, the benefits rise to around \$448 million over the decade. The CBA included a jurisdictional analysis which found that the NRS could be expected to confer net benefits to nearly all jurisdictions under nearly all modeled base case growth rates and NRS growth impact combinations. The report therefore recommended that the NRS should be implemented from both a national and jurisdictional perspective.

Stakeholder support for the proposed model was measured through widespread public consultations which occurred from late 2011 to early 2012. The documents consulted on consisted of a Consultation Regulation Impact Statement, Community Housing Providers National Law exposure draft and the Cost Benefit Analysis at Appendix 1. The consultations indicated strong in-principle support across the full range of stakeholders for the proposed model for the National Regulatory System over the status quo, conditional on adequately addressing key risks and concerns as part of the final drafting of the National Law and the detailed development of the operating guidelines.

Stakeholders generally agreed that the proposed model for the National Regulatory System could be expected to achieve the anticipated benefits. These include reduced cost and complexity for housing providers operating across state and territory boundaries, a level playing field for housing providers seeking to enter new jurisdictions, and greater flexibility for providers to pursue growth opportunities. Tenants are expected to benefit from greater consistency leading to better tenant outcomes driven by national standards while the National Regulatory System was widely recognised as being a necessary pre-condition for future government funding and private sector investment.

Feedback on the design of the system has been addressed through amendments to the National Law. In addition, housing officials have given a commitment to ongoing stakeholder consultation in the development of operating guidelines and industry representation on the National Regulatory Council.

Overall the stakeholder consultations and Cost Benefit Analysis support the introduction of the National Regulatory System over the status quo and this report recommends that Housing Ministers adopt the proposed model for the National Regulatory System as set out in the Community Housing Providers National Law (Appendix 3) and Inter-Government Agreement (Appendix 4). Guidelines for the operation of the National Regulatory System will be developed with community housing industry input, prior to the commencement of the National Regulatory System. These will include evidence and intervention guidelines and reporting requirements.

Element 1 – Statement of the Problem

The Need for Regulation

Over the 15 years to 2023, demand for rental accommodation is forecast to increase by 21 per cent. Overall, the highest demand will be at the lower end of the housing market. Based on the current mix of public and private dwellings, 93,000 additional public rental dwellings and 387,000 private rental dwellings will be needed by 2023¹. Public housing has traditionally provided the safety net for those unable to find affordable accommodation in the private sector. However the number of new allocations to public housing has been in decline over the past five years from almost 31,000 in 2003-04 to 20,000 in 2009-2010. This has led to an increased rationing of public housing, with three quarters of the 20,000 newly allocated tenants of public rental housing in 2009-2010 classified as being in greatest need².

In this environment governments have recognised the benefits of growing the community housing sector. These include the capacity of community housing providers to borrow against their housing assets to deliver stock growth. Community housing providers offer experience in coordinating support services to high needs tenants such as the aged, people with disabilities and the homeless. Growth of the community housing sector also offers greater diversification and innovation in the social housing sector and greater scope for a mix of social and affordable housing. This in turn allows for increased rental income and avoids the social problems attached to high concentrations of social housing. The Commonwealth and state and territory governments have committed to a number of social housing reforms under the National Affordable Housing Agreement and Nation Building and Jobs Plan Social Housing Initiative. These reforms include supporting the capacity and growth of the community housing sector supported by a nationally consistent regulatory system to enhance the sector's capacity to operate across jurisdictions. To support growth Housing Ministers have agreed to transfer up to 75% of new social housing dwellings to be built under the Nation Building and Jobs Plan to the community housing sector and to a target of up to 35% of social housing being either managed or owned by the community housing sector by 2014.

Community housing has grown rapidly, mainly as a result of capital funding and transfers of public housing dwellings from State and Territory housing authorities, boosted by provider leverage. In the decade up to 2009-10 mainstream community housing has more than doubled, from 6.7 per cent to 13.7 per cent of social housing stock.³ Nationally there are now approximately 950 mainstream community housing

¹ Unpublished estimates based on Peter McDonald and Jeremy Temple medium household growth scenario (assuming 180,000 annual net overseas migration) for public and private rental dwellings from the report at http://www.nhsc.org.au/housing_demand/summary_results.pdf, extended to 2028 and broken down for tenure type.

² Australian Institute of Health and Welfare 2011, Housing Assistance in Australia 2011. Cat. no. HOU 236. Canberra: AIHW.

³ Based on data sourced as follows:

- Housing Assistance Act Annual Reports, 1999-2000 to 2006-07;
- Australian Institute of Health and Welfare, Commonwealth State Housing Agreement national data report: Community housing 2009-10, AIHW, 2011;
- Australian Institute of Health and Welfare, Housing assistance data development series: Community housing 2009-10, cat. no. HOU 235, viewed 19 July 2011, Australian Institute of Health and Welfare website

organisations managing almost 60,000 social housing dwellings⁴ and a further 400 Indigenous Community Housing Organisations managing almost 19,000 social housing dwellings⁵. The estimated total value of mainstream community housing assets is \$18 billion.⁶ Significant recent growth has been driven by participation in the National Rental Affordability Scheme (NRAS) and transfer of new social housing funded under the Nation Building and Jobs Plan Social Housing Initiative.

A small number of not-for-profit providers have pursued an active growth strategy, and the largest organisations (approximately 45 providers) manage 63 per cent of all tenancies in the not-for-profit sector.⁷ Increasingly, the most entrepreneurial parts of this sector are showing potential to boost the supply of social and affordable housing. This growth could create potential for a larger affordable housing sector, with diversity in the mix of tenants, which helps meet the overall demand for housing, reduces homelessness, and supports social inclusion. Other not-for-profit organisations either do not have the capacity or have chosen not to pursue more commercial activities, specialising in tenancy management for particular groups or local communities.

The sudden and rapid expansion of community housing organisations brings with it organisational and prudential risk, as it requires new financial and commercial expertise, increased organisational capacity and scale, and the management of private debt obligations. Bank lenders and investors are more likely to lend to community housing providers, and on better terms, if the sector is well regulated against standardised performance measures. In the UK, for example, the regulatory regime has been credited with reducing the cost of funds lent to the social housing sector.⁸ Improved access by community housing providers to private finance can in turn fuel further community housing sector growth and maximise the benefit to government and the wider community as a result of more social housing. Community housing providers and governments agree that effective regulation is required in order to manage risk, protect against organisational failure, bring down the cost of finance and help create an expanded community housing market. Good prudential practice for community housing is crucial to ensure that investment occurs on a manageable and affordable scale, thus protecting the financial continuity, and performance of the entity. A strong regulatory framework will create greater confidence in the sector for potential investors, tenants and the general community.

The Current Regulatory Environment

The current systems of state regulation are fundamentally sound but are not consistent. Their focus is on individual jurisdictional interests and they lack portability across state borders, thereby restraining the emergence of national community housing organisations. A national regulatory framework is necessary for the growth of a strong national community housing sector which can contribute significantly to the supply of social housing. National regulation will support growth and enhance the sector's capacity to operate across multiple jurisdictions.

⁴ SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *Report on Government Services 2012*, Productivity Commission, Canberra

⁵ Ibid.

⁶ Australian Institute of Health and Welfare, *Community Housing 2009-10, 2011* (assuming an average value of \$300,000 per dwelling)

⁷ Department of Families, Housing, Community Services and Indigenous Affairs, *Regulation and Growth of the Not-For-Profit Housing Sector*, 2010

⁸ C. Barbato, R. Clough, A. Farrar, P Phibbs 2004, *Could regulating community housing make a difference to affordable housing?* AHURI Research and Policy Bulletin Issue 34, Sydney Research Centre.

Harmonisation of regulation between jurisdictions has not occurred even amongst recently developed systems. There are marked variations in State and Territory approaches to the regulation of community housing as summarised at Attachment A. All jurisdictions except Tasmania and the Northern Territory have legislation regulating community housing, however there are differences in scope and subject of the legislation. Differences include the powers and sanctions available to the registrar, including the extent to which the registrar can intervene in the operations of a registered housing provider, registration and incorporation requirements, and the provision for the appointment of a registrar who is independent from the state housing authority.

While there has been significant growth of registered agencies in a number of jurisdictions, the lack of a nationally consistent system, may limit the ability of the not-for-profit sector to expand. The lack of consistency across jurisdictions has resulted in a lack of confidence in the sector and limited the opportunity for stakeholder and financial investment. The lack of consistency also imposes restrictions on housing providers that are seeking to operate at a national level due to the added cost and regulatory complexity of having to deal with a number of different regulatory systems.

Not all state and territory regulatory systems incorporate the necessary key elements of prudential regulation for the social housing sector as follows:

i. Setting minimum standards

Financial viability; management (including governance, strategic management and asset management; risk management and operational standards

ii. Ongoing monitoring of providers

Periodic reporting (financial and non-financial) and operating reviews (e.g. on-site reviews or discussions with management)

iii. Legal/statutory framework

A legal framework with compliance requirements and effective sanctions.

While prudential regimes exist in some states and territories, these approaches are varied and include the use of Performance Standards, Regulatory Codes and Prescribed Requirements.

There is broad support for national regulation among stakeholders including community housing providers, peak bodies, lending institutions, and tenant advocacy groups as demonstrated initially at national public consultations undertaken by the Commonwealth in April 2010.

Support for the proposed National Regulatory System is evidenced by the results of the public consultations around the proposed National Regulatory System (details of which are set out under Element 5 – Consultation). These results show support across a range of stakeholder groups, including housing providers. Reasons given by stakeholders for supporting nationally consistent regulation include:

- Greater confidence for government and banks to invest in community housing
- Reduced regulatory burden for multi-jurisdictional providers
- Promotion of quality improvement and sector efficiencies
- Promotion of a level playing field for housing providers seeking to enter new jurisdictions, and,
- Greater protection for tenants.

Element 2 – Objectives

The objectives of government action are to support the growth of the not-for-profit housing sector and to assist housing providers to operate across jurisdictions through the development of a national regulatory framework (with scope to include for profit providers at a later stage).

The agreed objectives for regulation of this sector (regardless of level of registration) are to:

- Improve tenant outcomes and protect vulnerable tenants;
- Protect government funding and equity in the sector; and
- Ensure investor and partner confidence.⁹

Housing Ministers have agreed that the core objectives underpinning the development of a national approach to regulation of housing providers are to:

- Provide a consistent regulatory environment to support the growth and development of the not-for-profit housing sector;
- Provide the finance sector with confidence to invest;
- Provide an avenue for expansion of regulation to the for-profit housing sector to prepare for future housing product development;
- Reduce the regulatory burden for housing providers working across jurisdictions; and
- Provide a level playing field for providers seeking to enter new jurisdictions.

⁹ Housing Ministers Advisory Committee meeting, 11 January 2011

Element 3 – Statement of Options

Following the agreement of the Housing Ministers to develop a national regulatory system through an applied law scheme based on advice from key stakeholders in the community housing sector, the Regulation Impact Statement will consider the two options currently under consideration by Housing Ministers:

Option 1. Maintain the status quo.

In practice, this option means that each individual jurisdiction would continue to regulate community housing providers under their own current systems. Some jurisdictions have well developed statutory regulatory systems. Other jurisdictions regulate their community housing sector solely through negotiated funding agreements, such as the Northern Territory and Tasmania. Further detail on the current regulatory systems in each jurisdiction can be found at Attachment D.

Option 2. Establish a nationally consistent regulatory system which is enacted in one jurisdiction and adopted or applied by other jurisdictions.

In practice, this option would see a national regulatory system developed and implemented across Australia. The proposed system will include a national register of housing providers, a national regulatory code applied uniformly across Australia, and a primary registrar to be appointed for each housing provider operating in more than one jurisdiction. The national regulatory system would be developed through legislation that is enacted in one jurisdiction and adopted, applied or mirrored by other participating jurisdictions.

For the purpose of this consultation RIS it is assumed that all jurisdictions will sign an Inter-Government Agreement committing them to the implementation of the national regulatory system, and that legislation is successfully passed in all jurisdictions.

Background of the development of the proposed regulatory model

In April 2010, the then Commonwealth Housing Minister released a discussion paper on the regulation and growth of the not-for-profit housing sector which canvassed options for national regulation. These options were:

Discussion Paper Option 1: National Accreditation combined with State/Territory regulation

This model proposed that the Commonwealth accredit affordable housing providers against standards that would ensure:

- Governance, financial management and viability standards, according to scale and nature of operations
- Effective information systems and transparency in reporting
- Compliance with other regulatory and prudential systems.

States and Territories would retain responsibility for regulations that relate to

- Asset management and upkeep
- Codes of practice
- Tenant rights and support
- Specific program compliance

- Jurisdictional interest in property.

Under this approach, a national accreditation body would have provided accreditation for all not-for-profit housing providers with the requirement that they are compliant with appropriate State and Territory regulations. Accreditation would have provided eligibility for Commonwealth funding and, through mutual recognition, relevant State and Territory funding.

This would have required the development of Commonwealth legislation and funding to create a new national accreditation body. It would have also required States and Territories to adopt regulations and codes of practice where none currently exist and agree to mutual recognition of those standards and regulations.

Discussion Paper Option 2: Commonwealth Regulation of National Housing Associations

Under this model the Commonwealth would have provided accreditation as for Option 1, but for growth providers only, as well as:

- ensuring compliance with new national standards for asset protection and management standards specific to these providers
- protection for investors and tenants against the risk of organisational failure
- eligibility for direct Commonwealth investment for example through the National Rental Affordability Scheme and the National Affordable Housing Agreement.

States and Territories would retain all regulatory responsibility for those providers that did not seek Commonwealth accreditation. While this would have meant there would be no comprehensive or consistent regulation of small and medium providers at the State and Territory level, the practical problems of this would be considerably reduced, as almost by definition small and medium providers do not operate interstate. However, it would have resulted in duplicative systems.

Discussion Paper Option 3: Referral of All Regulatory Powers to the Commonwealth

Under this model all accreditation and regulation would be undertaken at the national level, building on the best features of current State and Territory systems.

This approach would have required:

- referral of State and Territory powers
- the development of national regulatory and prudential standards for all levels of operations under a tiered system that is proportional to size and risk
- a single, national regulatory body that has both a national and regional presence.

Discussion Paper Option 4: Harmonised State and Territory Regulation

This model proposed harmonised regulation across jurisdictions to provide a nationally consistent approach to regulation.

This model would require:

- cooperation between jurisdictions to amend legislation, regulation and contractual terms in line with a national regulatory model
- implementation of regulation in those jurisdictions that do not currently have such a system
- mutual recognition of regulatory legislation and other administrative arrangements.

Discussion Paper Option 5: A State - hosted National Regulator

This model proposed that either Option 1 or Option 3 be implemented through a host State rather than the Commonwealth, building on experience and expertise already developed by the jurisdiction. This option provided greater ownership of the delivery of regulation by States and Territories and a timely process for achieving national consistency.

The discussion paper also invited feedback on the growth of the not-for-profit housing sector including through private financing, protecting the interests of tenants of not-for-profit housing providers and strengthening Indigenous Community Housing.

Throughout May 2010 more than 280 people participated in public consultation sessions held in all capital cities as well as Newcastle, Wollongong and Cairns. Workshops were held with Indigenous Community Housing Organisations, church groups and the banking and development sectors.

Outcomes from the consultation

The public consultations indicated:

- overall support for a consistent national system across the not-for-profit housing sectors, finance sectors and tenant advocacy groups. This was seen to promote governance and management standards and protect against risk of financial failure;
- majority support for a tiered system of regulation where risk is proportionate to the size of organisations and nature of their business;
- support from larger housing organisations for a national regulatory system for large and growth providers only, while peak organisations and welfare groups supported a system that included all operators.
- State and Territory Governments' preference for a system of harmonised jurisdictional regulations. These views were largely based on the need for local monitoring and management of regulation of a dispersed sector and the value of retaining jurisdictional expertise, along with avoidance of duplicative systems.

The following is a summary of the views on regulation by sector:

State and Territory Housing Authorities and Regulators

- Most jurisdictions supported harmonisation of existing state and territory regulation. The preferred mechanism for the national regulatory system was a single piece of Australian Government legislation that codifies the core elements and explicitly delegates administration of the system to State/Territory Registrars.

Community Housing Peak Bodies and Industry Groups

- Broadly, two different regulatory models were supported. One model supported Commonwealth regulating large providers with an opt-in arrangement for smaller local providers. The other model put forward was a national body supported a

single national regulatory system underpinned by Commonwealth legislation and to apply to all providers irrespective of their size or activities.

- Other key issues included concern that the overall cost of regulation should not outweigh the potential benefits and that the regulator should be separate from the government department responsible for social housing funding and delivery to avoid conflict of interest.

Individual Community (not-for-profit) Housing Providers

- Most providers supported the need for a nationally consistent regulatory framework.
- Some larger providers argued for Commonwealth regulation of growth providers with smaller providers being administered at the state level whereas small to medium providers tend to support the one regulatory system for all providers regardless of size or type, using a risk-based tiered approach.

The following three types of not-for-profit housing providers have a specific tenant target groups and generally provide or coordinate non housing services in addition to housing.

Indigenous Community Housing Organisations (ICHO)

- Jurisdictions have attempted to bring Indigenous organisations under local regulatory systems however many organisations are not participating in regulation for a variety of reasons.
- Commonwealth regulation was the preferred model.

Aged Care Sector

- It was argued that any new regulatory system should not duplicate existing regulations applying to aged care providers particularly in relation to governance and fiduciary responsibilities.
- There was support for nationally consistent regulation to support providers operating across jurisdictions, with administration at the local level to ensure responsiveness to local need. There was support for a tiered regulatory approach.

Disability Sector

- It was argued that any proposed regulatory model should recognise current regulation and accreditation of disability service providers in each state and territory.
- The sector argued that national regulation should require all community housing providers to take into account the needs of people with disabilities including in relation to the design and location of new houses.

Tenant Advocacy Bodies

- There was support for national regulation of all social housing providers, including State Housing Authorities, to ensure consistent service standards.
- The quality of housing and support services was the main concern. These organisations were of the view that the regulatory framework should be tenant

focused and aimed at enhancing the involvement of tenants in the management of not-for-profit housing providers.

Banking Sector

- This sector supported a nationally consistent regulatory system which makes it easier for banks to better understand the operations of housing providers and assess credit risk.
- Some submissions supported referral of all regulatory powers to the Commonwealth while others support national accreditation combined with state and territory regulation.
- A common view was that regulation should cover all providers irrespective of organisational size but with different regulatory requirements according to the risk to which different categories of provider are exposed.

Developers and Planners

- This sector welcomed national regulation as supporting the growth of large national not-for profit housing organisations with which they can more easily partner, while acknowledging a role for smaller providers in niche markets.
- Consistent with the views put forward by the banking sector, developers tended to favour coverage of all social and affordable housing providers with different requirements for different tiers of provider.

Researchers and Consultants

- There was general support for nationally consistent regulation which would apply to all providers irrespective of size, in order to develop stakeholder confidence in the sector.
- A group of four housing policy researchers propose two different regulatory models:
 - that the Commonwealth lead the development of model legislation to be enacted and implemented by states and territories, or
 - that the Commonwealth establish an independent corporation as regulator with a shared governance model involving the states.

Housing Ministers' Decision

Following public consultations on the 'Regulation and Growth of the Not-for-Profit Housing Sector' paper, a number of discussions between the Commonwealth and State and Territory governments took place to decide on the most appropriate form of regulation. On 16 December 2010, the Housing Ministers Conference (HMC) agreed to the development of a national not-for-profit housing regulatory system with capacity to include for-profit providers at a later stage. The proposed system specifically excludes state and territory public housing providers. The six core elements upon which the regulatory system is to be developed are:

1. Common incorporation requirements - a single set of incorporation requirements that apply in all jurisdictions and which must be met and maintained by a body corporate in order to be eligible for registration (see Element 3) in the national regulatory system [as opposed to the current arrangements where each jurisdiction can set its own incorporation requirements thereby forcing providers to incorporate separately in each

jurisdiction]. The set of incorporation requirements could differ for different tiers of registration (see Element 4);

2. National Regulatory Code - a single set of minimum requirements for organisational health that apply in all jurisdictions and which must be met by a body corporate in order to gain and maintain registration (see Element 3) in the national regulatory system (as opposed to the current arrangements where each jurisdiction can set its own regulatory standard);
3. Registration - recognition that an organisation meets the incorporation requirements (Element 1) and has the capacity to meet minimum requirements for organisational health on an ongoing basis (Element 2). Under a national regulatory system there would be a:
 - a. Common methodology used in all jurisdictions for conducting registration assessments
 - b. Common evidence guidelines used in all jurisdictions consisting of national benchmarks for core minimum requirements and common assessment criteria for all other minimum requirements
 - c. Registrars in each jurisdiction with the authority to undertake (or delegate) registration assessments and issue registration certificates
4. Tiers of registration - nationally-defined tiers of registration that apply in all jurisdictions (e.g. Tier 1, 2 and 3) set to ensure regulatory burden is proportionate to risk. Each jurisdiction would retain the autonomy to require (or not require) providers to obtain a particular tier of registration to be eligible for government assistance;
5. Mutual recognition - automatic recognition of registration status across all jurisdictions (i.e. an organisation registered by one jurisdiction would be automatically recognised as registered by all other jurisdictions).
6. Lead registrars - where a provider operates in multiple jurisdictions, the Registrars from the state or territories where the provider wishes to operate, will nominate a Lead Registrar who will have responsibility for all ongoing regulatory monitoring and reporting of the registered organisation, including coordinating processes for consulting and sharing information with other Registrars.

Housing Ministers subsequently agreed, in February 2011, to introduce an applied law scheme for the national regulatory system, which involves legislation being enacted in one jurisdiction and either applied, adopted or mirrored by other participating jurisdictions. This agreed model includes a number of elements that were proposed in the 'Regulation and Growth of the Not-For-Profit Housing Sector' discussion paper but not specifically aligned with any particular option in the discussion paper.

On 17 June 2011, the Housing Ministers' Conference agreed in principle to a blueprint for a national regulatory system for housing providers. The proposed system will include a national register of housing providers, a national regulatory code applied uniformly across Australia, and a lead registrar to be appointed for each housing provider operating in more than one jurisdiction.

Element 4 – Impact Analysis

The impact analysis is an overall summary of the Cost Benefit Analysis, where the complete report can be found in Appendix 1.

The purpose of the impact analysis is to estimate the costs and benefits of establishing a national regulatory system for not-for-profit housing providers, which is enacted in one jurisdiction and adopted, applied or mirrored by other jurisdictions. The CBA assesses the costs against the benefits to 2021 for housing providers (large, medium and small), governments and rest of society.

The net impact of the introduction of the NRS was estimated in terms of costs and benefits to various stakeholders – Australian and state/territory governments, and providers of different types defined by their scale and whether they operate across jurisdictions.

The costs and benefits are analysed for the two regulatory options presented in the Regulation Impact Statement—Option 1 (status quo) where each jurisdiction maintains their own regulatory processes; and Option 2 (NRS) where a nationally consistent regulatory system is enacted in one jurisdiction and adopted or applied by other participating jurisdictions.

Under Option 1, different standards, regulatory controls and regulatory processes would apply in each State and Territory and community housing providers operating in multiple jurisdictions would be subject to multiple regulatory systems.

Under Option 2, participating jurisdictions apply the same standards, controls and processes and community housing providers would be subject to a single regulatory system.

Under both Option 1 and 2, it is assumed that the future growth of community housing would be primarily driven by funding and policy decisions outside of either regulatory arrangements—albeit with different growth rates having different implications for costs and benefits.

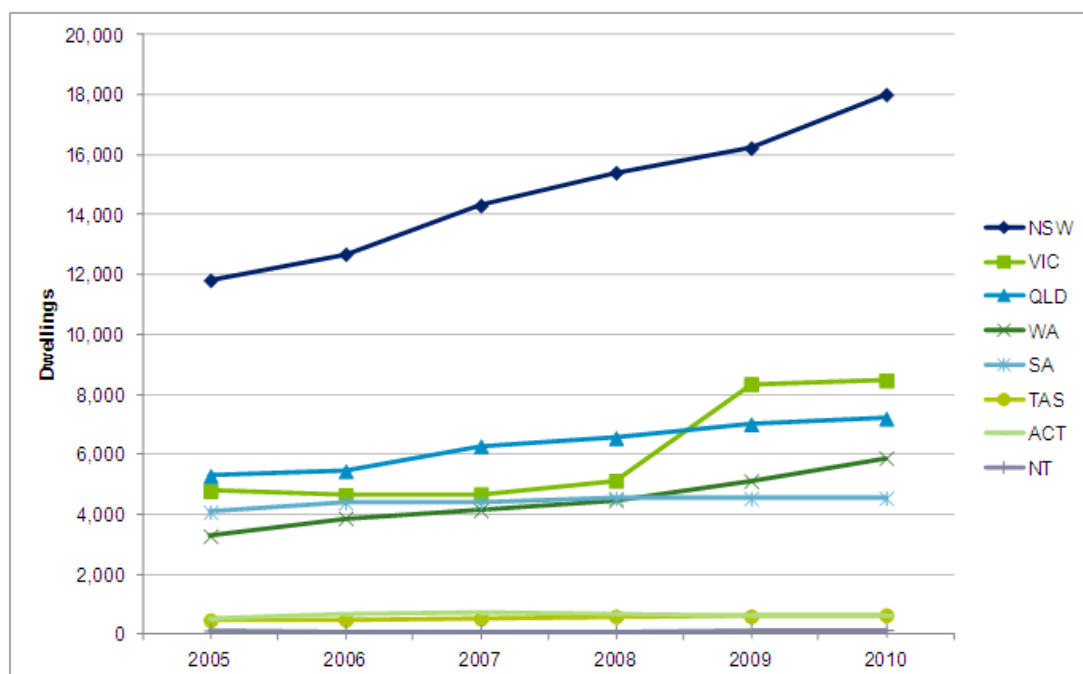
Information for this CBA was gathered from a number of sources, including desktop research, survey providers and interviews, and regulator workshops. Providers that might be expected to become tier 1 or 2 were surveyed to assess the quantifiable factors relating to cost and benefits of regulation. A selection of providers who might be expected to be tier 3 were interviewed in each jurisdiction to find qualitative factors unique to small providers that may impact on costs and benefits. The survey was web based and interviews were generally conducted by teleconference. The interviews involved at least one provider from each jurisdiction in each size tier, except for small jurisdictions where not all tiers were able to be represented. Multijurisdictional and Indigenous housing providers were also represented in the surveying.

Regulators were consulted during a workshop in Canberra on 21 September 2011 (convened by FaHCSIA). Expected costs for government, providers and the rest of society from the regulatory system were identified. The meeting also provided benchmarking for the expected regulatory changes in respect to their jurisdictions.

Historical Trends

One of the most important parameters underlying estimated costs and benefits in this RIS is future growth in community housing stock. This growth is largely determined by government policies, where changes are difficult to predict. Chart 1.1 shows past trends in growth in community housing stock by jurisdiction.

Chart 1.1: Growth in community housing (dwellings) by jurisdiction, 2005 to 2010



Sources: AIHW (2011, 2010, 2009) for total dwellings, 2008-10. As the AIHW does not supply total dwellings prior to 2008, FaHCSIA special AIHW data request is used for total dwellings 2006 and 2007. Total dwellings are not available before 2006, so AIHW (2006) is used for total tenable units in 2005.

Growth in community housing stock is driven by a large range of factors, including regulatory regimes. However, grouping jurisdictions by regulatory regimes may provide some indication of the impact of these regimes on growth. Over the period 2005 to 2010, “NRS like” jurisdictions (NSW, Victoria and the ACT) have grown at an average annual rate of 9.7%. Jurisdictions with other forms of regulation (Queensland, Western Australia and South Australia) have grown at an annual average rate of 6.9%. This places an upper bound on the impact of the NRS at around 3% per annum.¹⁰

If all jurisdictions adopted the NRS, and grew at the same rate as current “NRS like” jurisdictions, there could be an additional 11,563 community houses by 2021. (This projection assumes that “NRS-like” states would continue to grow at their current rate under the NRS.)¹¹

¹⁰ Tasmania and the Northern Territory only use contracts to regulate their community sectors. Due to small base issues, their growth rates can fluctuate dramatically. For example, it is expected that the total in the Northern Territory in 2011 will be almost double the 2010 total. For the purposes of the model, they are grouped with jurisdictions that have regulations which are not “NRS like”.

¹¹ Earlier modelling had assumed that current growth rates in “NRS like” jurisdictions would have diminished in the base case as recent stimulus funding wore off, but would have continued under current rates with the NRS, because the NRS was assumed to facilitate additional government funding. However, some NRS jurisdictions considered that the impact of Nation Building on NRS growth rates was not large, and hence their current growth rates should continue under the base case. Conversely,

Government

Costs - The average cost reported by regulators was \$180 per dwelling per year.

Table 1.2: Community tenancy units and regulation costs by jurisdiction

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Total tenancy units 2009	16,037	8,347	7,254	5,652	4,531	1,115	672	131
Regulatory costs, average last three years (\$m)	2.4	1.7	1.6	1.2	1.1	0.0	0.2	0.0
Regulatory unit cost (\$)	148	204	227	221	234	-	268	-

Note: AIHW uses total tenancy units as denominator when it calculates administrator costs per unit. Used here for consistency¹², Jurisdictions did not consider AIHW administrative costs reliable and supplied their own. AIHW administrator costs exclude capital costs. Regulators were asked to supply data for average costs of latest three years available, assumed midpoint is 2009¹³. Source: AIHW (2011), Communication with regulators. ACT advises that AIHW figures undercount its tenancy units.

Regulator costs under the NRS (Option 2) were calculated as the sum of ongoing regulator costs per dwelling (based on estimates provided by regulators of the percentage increase in regulator costs¹⁴). NRS regulator adjustment costs for establishing new systems and processes are also included—and assumed to be spread over the first three years of implementation. This is again based on estimates provided by regulators of the adjustment cost per dwelling.

Benefits - Under the Nation Building Economic Stimulus Plan, the Commonwealth budgeted an average cost of \$300,000 per social housing dwelling (with 'social' referring to public and community housing). However, due to leveraging by CHOs (among other factors), the actual average cost has been \$271,400 per dwelling. This represents a saving of 9.53% on capital costs to government.

These capital savings to government are borne by CHOs instead. However, to the extent that these savings allow for more social housing to be provided for a fixed government outlay than would otherwise have been, overall there is considered to be a net benefit to society.

Based on historical trends, only around half of any growth in community housing is expected to be from new capital¹⁵, with the rest coming from transfers of public housing stock and new head leases¹⁶.

In summary, dollar values for benefits to government presented in this report are calculated on the basis of the following assumptions:

most considered current NRS-like growth rates too optimistic even for Option 2. Accordingly, NRS-like jurisdictions now do not slow down under the base case, nor increase under Option 2.

¹² Nationally, there is a 97% correlation between dwellings and tenancy units.

¹³ Years covered were not specified in most cases, but as this report was commissioned before the end of 2010-11 financial year, it was assumed that 2010-11 figures were not used in the averages.

¹⁴ Where NRS-like jurisdictions did not provide an estimate, estimates were based on (weighted) average of other NRS-like states. Where other jurisdictions did not provide an estimate, Australian averages were used for that jurisdiction.

¹⁵ Based on historical trends, 22% of future community housing growth will come from transfers of public housing stock, 24% will come from new head leases (head leasing figure is based on AIHW data, which some states advise under-represents total head leasing, but is the only nationally available data source), and the residual 54% is assumed to be new capital.

¹⁶ While head leases are counted as community housing stock, effectively a CHO only provides tenancy and management services on a dwelling owned or leased by the jurisdiction.

- Of the additional community housing dwellings delivered as a result of reduced regulatory costs and because of non-NRS like jurisdictions growing at the same rate as NRS-like, 54 per cent are assumed to be new capital.
- Each new capital community housing dwelling costs \$300,000—growing by 7% per annum¹⁷.
- Based on Nation Building experience, each new capital community housing dwelling provides a saving to government on capital cost of 9.53%, primarily through provider leverage.

Housing Providers

Costs - The average NRS-like jurisdiction provider reported spending \$108,056 a year on compliance costs, compared with only \$55,563 for other providers. Conversely however, the average NRS-like jurisdiction respondent managed 1,305 houses, compared to the average "other" with 621 houses. Thus on a per house basis, the average NRS-like jurisdiction provider spends \$83 a year on compliance, while the average "other" spends \$90.

On the 0-1-2 scale (representing respectively "nil/minimal" "minor" and "significant" change) the average NRS-like jurisdiction respondent reported 0.82 on expected cost increases, and the average other respondent 4.10. Participants were advised that a "significant" change would be one of 5% or greater. On this weighting, NRS-like jurisdiction providers would expect a 2.0% increase in compliance costs under the NRS, while their other counterparts would expect a 10.3% increase in ongoing costs. On a per unit basis, this translates to an increase from \$82.80 to \$84.49 for NRS-like jurisdiction providers, and from \$89.54 to \$98.72 for other providers. These are not large increases (\$1.69 per year, and \$9.18 respectively). In total over the decade, these costs only amount to \$2.8 million.

In terms of the RIS options, it is assumed that under Option 1 (Status Quo) provider costs would remain at about \$83 per property for providers in NSW, Victoria and the ACT (that currently have NRS-style regulatory systems) and \$90 per property in other states and territories. Under Option 2 (NRS), costs would rise to about \$84 per property in NSW, Vic and Act and \$99 per property in other states and territories.

Benefits - Of the broad principles underlying the NRS, the tiers of registration and the independence of the Registrar were seen as net benefits by providers. Providers also reported benefits in the ability to attract finance and grow housing stock. Providers who currently operate in multiple jurisdictions, or aspire to in the future, believed that the proposed NRS would be beneficial. The complaints mechanism, and registrar powers were both reported as increasing compliance costs and simultaneously reducing benefits.

Of reported benefits, only borrowing cost reductions are directly quantifiable. However, even here, because of the above limitations, it was considered more reliable to use (cardinal) historical evidence than (ordinal) survey responses. Accordingly, the model assumes that the NRS will lead to similar interest rate savings to Australian providers as did the introduction of a similar regime in the UK¹⁸.

¹⁷ Cost of \$300,000 comes from amount budgeted per dwelling under the Nation Building (www.economicstimulusplan.gov.au/housing/pages/default.aspx). Increase in house prices is based on last decade average. However, it is not certain that these increases will be maintained in the longer term. As such, a smaller than 7 per cent increase in house prices would lead to a lower estimate for the benefits to Government.

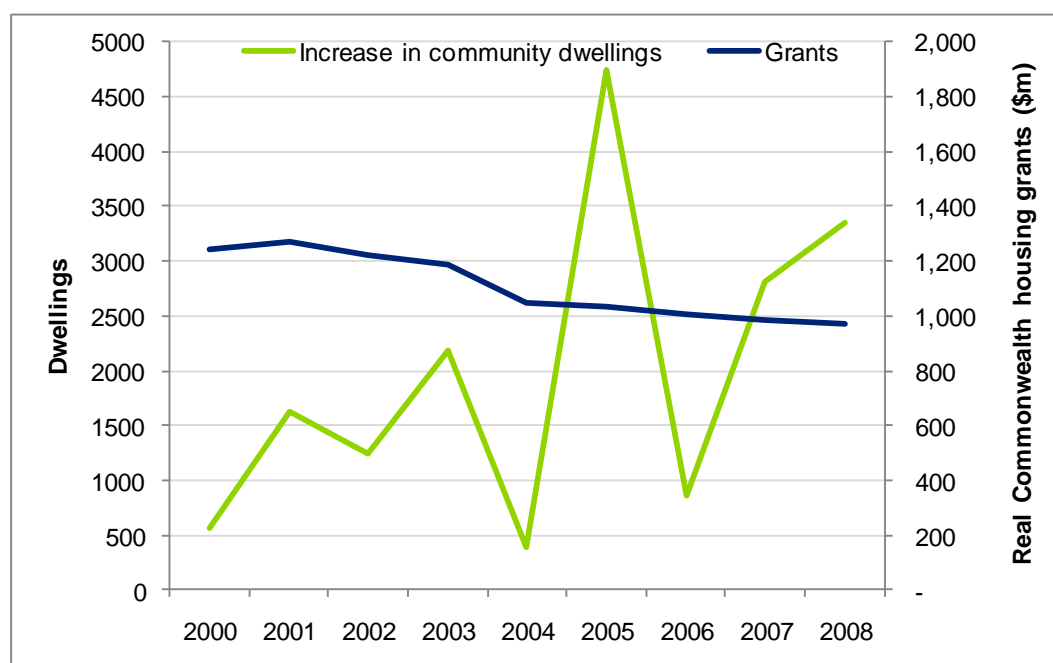
Specifically, that is 60 basis points¹⁹. Sensitivity testing was also done at 30 basis points and 100 basis points on a national level.

Growth Scenarios

Given the difficulties of attempting to predict political decisions, regulators, government agencies and the Office of Best Practice Regulation Review (OBPR) agreed that instead of trying to forecast the actual future number of community houses, a more appropriate approach would be to analyse costs and benefits of the NRS over a range of plausible scenarios. That is, for any policy and funding setting, the key question for the CBA is whether growth would be higher under the NRS (option 2) than would otherwise be expected under the status quo (option 1).

The level of public support provided to community housing is determined by (essentially unpredictable) political decisions, rather than (relatively predictable) market forces. For example, Chart 1.2 shows that while Commonwealth support for state and territory social housing has remained relatively constant at around \$1 billion annually, the amount that jurisdictions spend on additional community housing in any given year fluctuates greatly.

Chart 1.2: Commonwealth social housing grants and increase in community dwellings



Note: CSHA funding only (no NRAS or Nation Building)

Source: FaHCSIA.

Essentially, two main scenarios are used. The first assuming policy and funding settings where there is 2% additional investment in community housing (reflecting the

¹⁸ It appears that to some extent, banks were prepared to lend to UK providers because they perceived providers had an implicit government guarantee. Jurisdictions argued that the UK situation may be different, as no formal guarantees had been offered in Australia. However, no formal guarantees were offered in the UK either, and banks may (or may not) perceive that governments would be unwilling to let a provider of community housing fail.

¹⁹ In the main report provided to FaHCSIA, sensitivity testing is conducted around this figure, using a lower range of 30 basis points and a higher range of 100 basis points. The results indicate that overall cost benefit ratios are not strongly sensitive to interest rate savings.

bottom range of historical jurisdictional growth). The second scenario assumes settings that led to increased investment of 6% pa (reflecting long-run growth in non-NRS-like jurisdictions).

For each of these growth scenarios, a range of possible impacts of the NRS on housing stock growth were modelled. Based on the intended objectives of the NRS, this leverage factor is related to:

- Reduced regulatory costs for providers operating across jurisdictions.
- Greater economies of scale that flow through increased consolidation and partnership arrangements across the community housing sector.
- Greater leverage through lower financing costs.
- Greater likelihood of future Australian government incentives to accelerate growth of the community housing sector under a national regulatory system.

Based on historical differences between NRS-like and other jurisdictions above, this leverage factor could be up to 3%. This would translate into Option 2 growth rates of 3% under scenario 1 and of 9% under scenario 2. For sensitivity testing, the leverage factor was varied between 0.5% and 3%.

- Scenarios where the NRS would achieve zero growth are not modelled, due to division by zero issues in the model. However, as quantifiable benefits are linked to growth, and there are fixed adjustment costs, with zero growth impact, the NRS would not confer net benefits.

Under these assumptions, if base growth in community housing stock was only 2%, and the NRS only contributed an 0.5% increase (that is, to 2.5%), the net benefits of the NRS over the decade to 2021 would be \$33.6 million, with a BCR of 2.8 to 1. That is, even using the most conservative assumptions, the NRS is worth undertaking from a national point of view

Using a base growth rate of 6%, and a midpoint NRS impact of an additional 1%, then total national benefits are \$124.3 million over the decade (or around \$12 million a year), and the BCR is 6.2 to 1.

Finally, using the most optimistic projections, where base growth of 6% plus NRS impact of 3% brings the whole country up to recent NRS-like jurisdiction's growth, the benefits rise to around \$448 million over the decade, and the BCR is a very high 13.8 to 1.

Table 1.3 Difference between Option 2 (NRS) compared to Option 1 (Base - no change) (\$m)

[See Explanatory Note 1]

Scenario	Govt costs	Govt benefits	Provider costs	Provider benefits	Total net benefit (total benefit - total cost)	Total BCR (ratio of total benefits to total costs)
Growth pa under Option 1 & 2						
Difference between Option 2 (NRS) and Option 1 (Base-no change)						(ratio of total benefits to total costs)
Growth scenario 1:						
Option 1 (Base - no change): 2% pa growth in community housing dwellings						
Option 2 (NRS) Additional growth above Option 1 of 0.5% pa (1A); 1% pa (1B); 2% (1C); 3% pa (1D)						
1A						
Base: 2%	\$16.7m	\$43.4m	\$1.9m	\$8.8m	\$33.6m	2.8
NRS 2.5%						
1B						
Base 2%	\$18.7m	\$88.7m	\$2.0m	\$17.8m	\$85.9m	5.2
NRS 3.0%						
1C						
Base 2%	\$22.9m	\$185.5m	\$2.1m	\$36.8m	\$197.4m	8.9
NRS 4.0%						
1D						
Base 2%	\$27.3m	\$291.0m	\$2.2m	\$57.1m	\$318.6m	11.8
NRS 5.0%						
Growth scenario 2:						
Option 1 (Base - no change): 6% pa growth in community housing dwellings						
Option 2 (NRS) Additional growth above Option 1 of 0.5% pa (2A); 1% pa (2B); 2% (2C); 3% pa (2D)						
2A						
Base 6%	\$18.9m	\$61.3m	\$2.3m	\$11.3m	\$51.3m	3.4
NRS 6.5%						
2B						
Base 6%	\$21.4m	\$125.2m	\$2.4m	\$22.9m	\$124.3m	6.2
NRS 7.0%						
2C						
Base 6%	\$26.7m	\$261.3m	\$2.51m	\$47.4m	\$279.5m	10.6
NRS 8.0%						
2D						
Base 6%	\$32.2m	\$409.3m	\$2.64m	\$73.4m	\$447.8m	13.8
NRS 9%						

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community housing leverage. Provider benefits represent lower borrowing costs.

Jurisdictions

NSW - A breakdown of the CBA by jurisdictions highlights that NSW achieves a higher positive cost benefit ratio than the national CBA for all scenarios. While the breakdown summarises costs and benefits for government and providers, caution is needed with the interpretation of these findings because of the small sample of providers and the sensitivity of the analysis to both different growth assumptions and estimates of regulator costs.

Within these limitations, the analysis highlights that NSW achieves net positive benefits from the NRS under all scenarios. The benefit cost ratio (BCR) is positively associated with both higher initial growth conditions, and larger NRS impacts. The smallest BCR, of 4.3:1, is associated with the lowest initial growth rate (2% per annum) and the smallest NRS impact (additional 0.5%). Conversely, the largest BCR, of 18.9:1, is achieved under the highest base growth rate (6%) and NRS impacts (additional 3%).

As NSW's regulatory system is already similar to the NRS, ongoing compliance cost increases would not be large. Also, as a large jurisdiction, there would be large future growth benefits (against fixed adjustment costs.)

Table 1.4: NSW CBA scenarios – Option 2 (NRS) compared to Option 1 (no change) (\$m)

Growth assumptions	NSW Govt costs	NSW Govt benefits	NSW Provider costs	NSW Provider benefits	NSW Total net benefit	NSW Total BCR (ratio)
Scenario 1						
Option 1: 2% Option 2: 2.5%	4.2	15.9	0.3	3.2	14.7	4.3
Option 1: 2% Option 2: 3%	4.8	32.5	0.3	6.5	34.0	7.7
Option 1: 2% Option 2: 4%	6.1	68.0	0.3	13.5	75.2	12.9
Option 1: 2% Option 2: 5%	7.4	106.7	0.3	20.9	119.9	16.6
Scenario 2						
Option 1: 6% Option 2: 6.5%	5.0	22.5	0.3	4.1	21.3	5.0
Option 1: 6% Option 2: 7%	5.8	45.9	0.3	8.4	48.2	8.9
Option 1: 6% Option 2: 8%	7.3	95.8	0.33	17.4	105.5	14.7
Option 1: 6% Option 2: 9%	9.0	150.1	0.35	26.9	167.6	18.9

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community leverage. Provider benefits represent lower borrowing costs. See full CBA for further explanation.

Victoria - While the following breakdown summarises costs and benefits for government and providers, caution is needed with the interpretation of these findings because of the small sample of providers and the sensitivity of the analysis to both different growth assumptions and estimates of regulator costs.

Within these limitations, the analysis highlights that Victoria achieves net positive benefits from the NRS under all scenarios. The benefit cost ratio (BCR) is positively associated with both higher initial growth conditions, and larger NRS impacts. The

smallest BCR, of 1.7:1, is associated with the lowest initial growth rate (2% per annum) and the smallest NRS impact (additional 0.5%). Conversely, the largest BCR, of 9.4:1, is achieved under the highest base growth rate (6%) and NRS impacts (additional 3%).

Victoria reported relatively high adjustment costs, especially given that it already has a regime similar to the NRS. Also, because of low survey responses, it was not possible to differentiate provider leverage by jurisdiction, and the national average was applied to all states and territories. This may overstate the benefits to Victoria of joining the NRS, as Victoria currently already achieves high rates of leverage. (That is, it has already captured a larger proportion of NRS leverage benefits than the national average.) Finally, as with some other jurisdictions, full range of estimates for regulatory costs under the NRS was not available, resulting in averages being substituted.

Table 1.5: Victoria CBA scenarios – Option 2 (NRS) compared to Option 1 (no change) (\$m)

Growth assumptions	Victoria Govt costs	Victoria Govt benefits	Victoria Provider costs	Victoria Provider benefits	Victoria Total net benefit	Victoria Total BCR (ratio)
Scenario 1						
Option 1: 2% Option 2: 2.5%	5.8	8.3	0.1	1.7	4.0	1.7
Option 1: 2% Option 2: 3%	6.2	16.9	0.1	3.4	13.9	3.2
Option 1: 2% Option 2: 4%	7.2	35.4	0.1	7.0	35.1	5.8
Option 1: 2% Option 2: 5%	8.2	55.5	0.2	10.9	58.1	8.0
Scenario 2						
Option 1: 6% Option 2: 6.5%	6.6	11.7	0.2	2.2	7.1	2.1
Option 1: 6% Option 2: 7%	7.1	23.9	0.2	4.4	21.0	3.9
Option 1: 6% Option 2: 8%	8.3	49.9	0.17	9.0	50.4	6.9
Option 1: 6% Option 2: 9%	9.6	78.1	0.18	14.0	82.4	9.4

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community leverage. Provider benefits represent lower borrowing costs. See full CBA for further explanation.

Queensland - While the following breakdown summarises costs and benefits for government and providers, caution is needed with the interpretation of these findings because of the small sample of providers and the sensitivity of the analysis to both different growth assumptions and estimates of regulator costs.

Within these limitations, the analysis highlights that Queensland achieves net positive benefits from the NRS under all scenarios. The benefit cost ratio (BCR) is positively

associated with both higher initial growth conditions, and larger NRS impacts. The smallest BCR, of 2.8:1, is associated with the lowest initial growth rate (2% per annum) and the smallest NRS impact (additional 0.5%). Conversely, the largest BCR, of 12.8:1, is achieved under the highest base growth rate (6%) and NRS impacts (additional 3%).

The costs and benefits to Queensland of implementing the NRS are close to those for the national average. To some extent, this reflects the fact that estimates for regulatory costs under then NRS were not available, and national averages were substituted.

Table 1.6: Queensland CBA scenarios – Option 2 (NRS) compared to Option 1 (no change) (\$m)

Growth assumptions	Queensland Govt costs	Queensland Govt benefits	Queensland Provider costs	Queensland Provider benefits	Queensland Total net benefit	Queensland Total BCR (ratio)
Scenario 1						
Option 1: 2% Option 2: 2.5%	2.5	7.2	0.6	1.5	5.6	2.8
Option 1: 2% Option 2: 3%	2.9	14.7	0.6	3.0	14.2	5.1
Option 1: 2% Option 2: 4%	3.7	30.8	0.6	6.1	32.5	8.5
Option 1: 2% Option 2: 5%	4.6	48.3	0.7	9.5	52.5	11.0
Scenario 2						
Option 1: 6% Option 2: 6.5%	2.8	10.2	0.7	1.9	8.5	3.4
Option 1: 6% Option 2: 7%	3.3	20.8	0.7	3.8	20.5	6.1
Option 1: 6% Option 2: 8%	4.3	43.3	0.77	7.9	46.1	10.0
Option 1: 6% Option 2: 9%	5.4	67.9	0.81	12.2	73.8	12.8

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community leverage. Provider benefits represent lower borrowing costs. See full CBA Table 1.3 further explanation.

South Australia - A breakdown of the CBA by jurisdictions highlights that South Australia achieves a higher positive cost benefit ratio than the national CBA for all scenarios. While the breakdown summarises costs and benefits for government and providers, caution is needed with the interpretation of these findings because of the small sample of providers and the sensitivity of the analysis to both different growth assumptions and estimates of regulator costs.

Within these limitations, the analysis highlights that South Australia achieves net positive benefits from the NRS under all scenarios. The benefit cost ratio (BCR) is

positively associated with both higher initial growth conditions, and larger NRS impacts. The smallest BCR, of 4.8:1, is associated with the lowest initial growth rate (2% per annum) and the smallest NRS impact (additional 0.5%). Conversely, the largest BCR, of 18.0:1, is achieved under the highest base growth rate (6%) and NRS impacts (additional 3%).

Table 1.7: SA CBA scenarios – Option 2 (NRS) compared to Option 1 (no change) (\$m)

Growth assumptions	South Australia Govt costs	South Australia Govt benefits	South Australia Provider costs	South Australia Provider benefits	South Australia Total net benefit	South Australia Total BCR (ratio)
Scenario 1						
Option 1: 2% Option 2: 2.5%	0.8	4.5	0.4	0.9	4.3	4.8
Option 1: 2% Option 2: 3%	1.0	9.2	0.4	1.8	9.7	8.1
Option 1: 2% Option 2: 4%	1.5	19.2	0.4	3.8	21.2	12.4
Option 1: 2% Option 2: 5%	2.0	30.1	0.4	5.9	33.7	15.1
Scenario 2						
Option 1: 6% Option 2: 6.5%	0.8	6.3	0.4	1.2	6.3	6.2
Option 1: 6% Option 2: 7%	1.0	13.0	0.5	2.4	13.8	10.2
Option 1: 6% Option 2: 8%	1.6	27.1	0.48	4.9	29.9	15.0
Option 1: 6% Option 2: 9%	2.3	42.4	0.51	7.6	47.2	18.0

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community leverage. Provider benefits represent lower borrowing costs. See full CBA for further explanation.

Western Australia - While the following breakdown summarises costs and benefits for government and providers, caution is needed with the interpretation of these findings because of the small sample of providers and the sensitivity of the analysis to both different growth assumptions and estimates of regulator costs.

Within these limitations, the analysis highlights that WA achieves net positive benefits from the NRS under all scenarios. The benefit cost ratio (BCR) is positively associated with both higher initial growth conditions, and larger NRS impacts. The smallest BCR, of 2.9:1, is associated with the lowest initial growth rate (2% per annum) and the smallest NRS impact (additional 0.5%). Conversely, the largest BCR, of 13.1:1, is achieved under the highest base growth rate (6%) and NRS impacts (additional 3%).

WA did report a full range of regulatory adjustment and ongoing compliance costs under the NRS – with a substantial amount of detail by category. However, these costs for WA were not consistent with other jurisdictions, probably because WA included additional categories (for example legislative drafting and sector education). Other jurisdictions did not provide the same detailed breakdown, therefore it was not possible to tell what jurisdictions may (or may not) have included. Accordingly, it was considered appropriate to use national averages for WA. This contributes towards WA’s BCRs being close to the national average in most cases.

Table 1.8: WA CBA scenarios – Option 2 (NRS) compared to Option 1 (no change) (\$m)

Growth assumptions	WA Govt costs	WA Govt benefits	WA Provider costs	WA Provider benefits	WA Total net benefit	WA Total BCR (ratio)
Scenario 1						
Option 1: 2% Option 2: 2.5%	1.9	5.6	0.5	1.1	4.4	2.9
Option 1: 2% Option 2: 3%	2.2	11.5	0.5	2.3	11.1	5.2
Option 1: 2% Option 2: 4%	2.8	24.0	0.5	4.8	25.4	8.7
Option 1: 2% Option 2: 5%	3.5	37.6	0.5	7.4	41.0	11.2
Scenario 2						
Option 1: 6% Option 2: 6.5%	2.2	7.9	0.6	1.5	6.7	3.4
Option 1: 6% Option 2: 7%	2.5	16.2	0.6	3.0	16.0	6.1
Option 1: 6% Option 2: 8%	3.3	33.8	0.60	6.1	36.0	10.2
Option 1: 6% Option 2: 9%	4.1	52.9	0.63	9.5	57.6	13.1

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community leverage. Provider benefits represent lower borrowing costs. See full CBA for further explanation.

Tasmania - While the following breakdown summarises costs and benefits for government and providers, caution is needed with the interpretation of these findings because of the small sample of providers and the sensitivity of the analysis to both different growth assumptions and estimates of regulator costs.

Within these limitations, the analysis highlights that Tasmania achieves net positive benefits from the NRS under all scenarios. The benefit cost ratio (BCR) is positively associated with both higher initial growth conditions, and larger NRS impacts. The smallest BCR, of 1.6:1 is associated with the lowest initial growth rate (2% per annum) and the smallest NRS impact (additional 0.5%). Conversely, the largest BCR, of 14.3:1, is achieved under the highest base growth rate (6%) and NRS impacts (additional 3%).

While Tasmania's BCRs are close to the national average, it is in a unique situation regarding the NRS as it plans to utilise the services of an interstate lead registrar. The estimated costs of so doing is around \$100,000 a year, but this has not been finalised, and may considerably affect outcomes.

Table 1.9: Tasmania CBA scenarios – Option 2 (NRS) compared to Option 1 (no change) (\$m)

Growth assumptions	Tasmania Govt costs	Tasmania Govt benefits	Tasmania Provider costs	Tasmania Provider benefits	Tasmania Total net benefit	Tasmania Total BCR (ratio)
Scenario 1						
Option 1: 2% Option 2: 2.5%	0.7	1.1	0.1	0.2	0.5	1.6
Option 1: 2% Option 2: 3%	0.7	2.3	0.1	0.5	1.9	3.3
Option 1: 2% Option 2: 4%	0.7	4.7	0.1	0.9	4.8	6.8
Option 1: 2% Option 2: 5%	0.7	7.4	0.1	1.5	8.0	10.6
Scenario 2						
Option 1: 6% Option 2: 6.5%	0.7	1.6	0.1	0.3	1.0	2.2
Option 1: 6% Option 2: 7%	0.7	3.2	0.1	0.6	2.9	4.4
Option 1: 6% Option 2: 8%	0.7	6.7	0.12	1.2	7.0	9.2
Option 1: 6% Option 2: 9%	0.7	10.4	0.12	1.9	11.4	14.3

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community leverage. Provider benefits represent lower borrowing costs. See full CBA for further explanation.

ACT - A breakdown of the CBA by jurisdictions highlights that ACT achieves a higher positive cost benefit ratio than the national CBA for all scenarios. While the breakdown summarises costs and benefits for government and providers, caution is needed with the interpretation of these findings because of the small sample of providers and the sensitivity of the analysis to both different growth assumptions and estimates of regulator costs.

Within these limitations, the analysis highlights that ACT achieves net positive benefits from the NRS under all scenarios. The benefit cost ratio (BCR) is positively associated with both higher initial growth conditions, and larger NRS impacts. The smallest BCR, of 11.5:1, is associated with the lowest initial growth rate (2% per annum) and the smallest NRS impact (additional 0.5%). Conversely, the largest BCR, of 21.4:1, is achieved under the highest base growth rate (6%) and NRS impacts (additional 3%).

The ACT achieves very high BCRs from moving to the NRS. To some extent, this reflects low adjustment costs. The ACT is both a jurisdiction which is already like the

NRS, which reduces relative adjustment costs. It is also a small jurisdiction, which reduces absolute adjustment costs.

Table 1.10: ACT CBA scenarios – Option 2 (NRS) compared to Option 1 (no change) (\$m)

Growth assumptions	ACT Govt costs	ACT Govt benefits	ACT Provider costs	ACT Provider benefits	ACT Total net benefit	ACT Total BCR (ratio)
Scenario 1						
Option 1: 2% Option 2: 2.5%	0.1	0.7	0.0	0.1	0.7	11.5
Option 1: 2% Option 2: 3%	0.1	1.4	0.0	0.3	1.5	14.9
Option 1: 2% Option 2: 4%	0.2	2.8	0.0	0.6	3.2	17.7
Option 1: 2% Option 2: 5%	0.3	4.5	0.0	0.9	5.1	19.0
Scenario 2						
Option 1: 6% Option 2: 6.5%	0.1	0.9	0.0	0.2	1.0	13.7
Option 1: 6% Option 2: 7%	0.1	1.9	0.0	0.4	2.1	17.3
Option 1: 6% Option 2: 8%	0.2	4.0	0.01	0.7	4.5	20.1
Option 1: 6% Option 2: 9%	0.3	6.3	0.01	1.1	7.1	21.4

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community leverage. Provider benefits represent lower borrowing costs. See full CBA for further explanation.

NT - While the following breakdown summarises costs and benefits for government and providers, caution is needed with the interpretation of these findings because of the small sample of providers and the sensitivity of the analysis to both different growth assumptions and estimates of regulator costs.

Within these limitations, the analysis highlights that NT does not achieve net positive benefits from the NRS under all scenarios. The benefit cost ratio (BCR) is positively associated with both higher initial growth conditions, and larger NRS impacts. The smallest BCR, of 0.2:1, is associated with the lowest initial growth rate (2% per annum) and the smallest NRS impact (additional 0.5%). Conversely, the largest BCR, of 1.9:1, is achieved under the highest base growth rate (6%) and NRS impacts (additional 3%).

Because the Territory has very few houses, this leads to high ongoing unit regulatory costs. However, in the Northern Territory's case, the low growth scenario is not relevant. The announced increase to 248 houses in 2011 will of itself – even if there are no further new houses for a decade – push the Territory's growth rate above 6% for the rest of the forecast period. And, as modelled, at base growth of 6%, if the contribution of the NRS is above 1%, then the Territory does return a positive BCR.

- As noted above, costs and benefits for all jurisdictions are not modelled on 2011 statistics because not all jurisdictions were in a position to provide same. However, if the NT's 2011 figures had been used, the extra houses would have driven down unit costs, and it is likely that BCRs would be positive with a 1% contribution from the NRS.
- Because the NT has not made a formal decision about registrars, future costs are difficult to anticipate. Following discussions with participants, it is assumed the NT will adopt an interstate lead registrar, and that this will cost around \$100,000 a year.

Table 1.11: NT CBA scenarios – Option 2 (NRS) compared to Option 1 (no change) (\$m)

Growth assumptions	NT Govt costs	NT Govt benefits	NT Provider costs	NT Provider benefits	NT Total net benefit	NT Total BCR (ratio)
Scenario 1						
Option 1: 2% Option 2: 2.5%	0.7	0.1	0.0	0.0	-0.6	0.2
Option 1: 2% Option 2: 3%	0.7	0.3	0.0	0.1	-0.4	0.4
Option 1: 2% Option 2: 4%	0.7	0.6	0.0	0.1	-0.1	0.9
Option 1: 2% Option 2: 5%	0.7	0.9	0.0	0.2	0.3	1.4
Scenario 2						
Option 1: 6% Option 2: 6.5%	0.7	0.2	0.0	0.0	-0.5	0.3
Option 1: 6% Option 2: 7%	0.7	0.4	0.0	0.1	-0.3	0.6
Option 1: 6% Option 2: 8%	0.7	0.8	0.01	0.1	0.2	1.2
Option 1: 6% Option 2: 9%	0.7	1.2	0.01	0.2	0.7	1.9

Note all figures are in net present values. Both government and provider costs are the fixed cost of implementing the NRS, and ongoing compliance costs. Government benefits represent increased housing per dollar of budget outlays due to community leverage. Provider benefits represent lower borrowing costs. See full CBA for further explanation.

The table below outlines the expected costs and benefits of the options to each sector affected by the proposed regulatory changes:

Option	Impacts, costs and benefits					
	Small Housing Providers	Medium Housing Providers	Large Housing Providers	Tenants	Governments	Overall impacts
Option 1 – No change	<u>Benefits</u> <ul style="list-style-type: none"> • Knowledge and understanding of current system. 	<u>Benefits</u> <ul style="list-style-type: none"> • Knowledge and understanding of current system. 	<u>Benefits</u> <ul style="list-style-type: none"> • Knowledge and understanding of current system. • Ability to retain current internal processes to ensure compliance 	<u>Benefits</u> <ul style="list-style-type: none"> • Minimal impact 	<u>Benefits</u> <ul style="list-style-type: none"> • No additional costs to change the regulatory system. • Ability to retain current regulatory processes to ensure compliance 	<ul style="list-style-type: none"> • Sector performance and capability not well understood by the finance sector at a national level. Opportunities for expansion of the sector may be missed. • Current regulatory systems do not support the growth of a well-regulated national provider market. • A risk to the sustainability of housing services or loss of investment especially in jurisdictions lacking any regulatory systems. • Larger housing providers, especially multijurisdictional housing providers will be required to maintain registration in each State and Territory and report to each individually. • Reduced capacity to undertake stock title and/or management transfers.
	<u>Costs</u> <ul style="list-style-type: none"> • Minimal impact 	<u>Costs</u> <ul style="list-style-type: none"> • Minimal impact 	<u>Costs</u> <ul style="list-style-type: none"> • Multijurisdictional corporations must remain registered as housing providers in each jurisdiction to operate • Reporting to each jurisdiction individually is mandatory • Regulatory systems in each jurisdiction are different, and therefore add to compliance costs 	<u>Costs</u> <ul style="list-style-type: none"> • Minimal impact 	<u>Costs</u> <ul style="list-style-type: none"> • Where no regulatory system is in place, there is a risk of losing Housing investments following transfer of housing to community housing sector • Inability to access a robust national provider market • Ongoing costs of maintaining state and territory-based systems. 	
Option 2 – Legislate for the creation of a National Regulatory System for Not-for-Profit Housing Providers	<u>Benefits</u> <ul style="list-style-type: none"> • Increased visibility and enhanced reputation of the sector 	<u>Benefits</u> <ul style="list-style-type: none"> • Regulation provides a framework for expansion and growth 	<u>Benefits</u> <ul style="list-style-type: none"> • Nationally consistent standards support increased access to private finance • Allows multi-jurisdictional housing providers to register in one jurisdiction to be registered to operate in all jurisdictions. • Reporting to one primary Register • Nationally consistent standards increase access to funding from investors • Increased growth potential into other jurisdictions • Reduced compliance costs for multijurisdictional providers 	<u>Benefits</u> <ul style="list-style-type: none"> • National standards service quality • Greater sustainability of housing provision • Expansion of the sector may potentially lead to increased access to social housing 	<u>Benefits</u> <ul style="list-style-type: none"> • Assurance of standardised regulatory compliance of housing providers that receive Social Housing stock. • Protection of government funding • Housing services delivered according to national standards. • Increased social and affordable housing through growth. 	<ul style="list-style-type: none"> • Will provide the basis for increased confidence by the financial sector in a national system. • Increased growth potential for housing providers to access jurisdictions. • Multi-jurisdictional housing providers are only required to register and report to one location rather than in each jurisdiction of operation. • National standards of service for tenants • Protection of government assets, when transferred to the not-for-profit sector. • Introducing the National Regulatory System will incur initial costs of establishing the regulatory framework for governments. • Housing providers may incur transitional costs in relation to developing internal systems/ processes to ensure compliance to the new system. This may include changes to a
	<u>Costs</u> <ul style="list-style-type: none"> • Potential increased 	<u>Costs</u> <ul style="list-style-type: none"> • Minimal likelihood of increased 	<u>Costs</u> <ul style="list-style-type: none"> • Potential transitional costs of 	<u>Costs</u> <ul style="list-style-type: none"> • Potential impact for 	<u>Costs</u> <ul style="list-style-type: none"> • Costs of passing/changing 	

Option	Impacts, costs and benefits					
	Small Housing Providers	Medium Housing Providers	Large Housing Providers	Tenants	Governments	Overall impacts
	regulatory burden for those not already incorporated – however, this is an opt-in system (ie participation in voluntary but may affect a providers ability to access government funding).	regulatory burden to transition to a standard reporting framework. <ul style="list-style-type: none"> • Potential transitional costs of moving to a new regulatory system 	moving to a new regulatory system	tenants transitioning from state managed housing to housing managed by the not-for-profit sector	legislation <ul style="list-style-type: none"> • Contributing to costs of developing legislation and regulatory framework • Contributing to costs of maintaining a National Regulatory Council 	provider's constitution.

Element 5 - Consultation

Public consultations on the Consultation Regulation Impact Statement, Cost-Benefit Analysis and Community Housing Providers National Law exposure draft were held between 23 November 2011 and 20 January 2012. These consultations followed two Industry Consultative Forums held in May and July 2011 to inform the high level design of the system so that it is fit for purpose.

The public consultation process involved two national consultation forums, including one for the finance sector, and 15 state/territory consultation forums with representatives from mainstream and Indigenous community housing providers, tenant organisations and peak bodies. The public consultation process also involved a nationally advertised call for written submissions. In total, 20 extended written submissions and 25 completed feedback forms were received. A Public Consultation Feedback Report dated 14 February 2012 (refer Appendix 2) has been published on the NRS website www.nrsch.gov.au. A list of organisations which provided extended written submissions is at page 40 of the report.

The public consultations showed strong in-principle support across the full range of stakeholders for the proposed National Regulatory System over the status quo. This support was conditional on adequately addressing key risks and concerns as part of the final drafting of the National Law and subject to the development of detailed operating guidelines. There was strong support for stakeholder input into the development of Evidence and Intervention Guidelines and for stakeholders to be represented on the National Regulatory Council. Stakeholders also called for progress in expanding the reform agenda to ensure national consistency in the full range of controls that impact on the growth of the community housing sector and for reinforcement of Housing Ministers' commitment to the growth and diversity of the community housing sector.

A covering letter signed by the Chair of the Housing Ministers' Advisory Committee outlined the process for addressing the risks and concerns raised in the Public Consultation Feedback Report. This letter was published along with the Public Consultation Feedback Report on the NRS website (refer to Appendix 2).

Changes have been made to the exposure draft of the Community Housing Providers National Law in response to stakeholder feedback in relation to:

- Refining the definition of Community Housing Assets [Clause 4] to distinguish assets linked to government housing assistance from other assets purchased or developed without any direct or indirect government assistance,
- Retaining the power to issue binding instructions [Clause 18] but clarifying their purpose and scope,
- Providing greater visibility in the National Law to the various operating guidelines needed to ensure the nationally consistent operation of the National Regulatory System.

The Housing Ministers' Advisory Committee has also given a commitment that the community housing sector will have input into the development of National Law guidelines which are to be developed prior to the commencement of the National Regulatory System.

Element 6 - Interaction with Other Regulatory Systems

Australian Charities and Not-for-Profit Commission

The Australian Charities and Not-for-Profit Commission (ACNC) will commence from October 2012. The ACNC will initially be responsible for implementing a 'report-once use-often' general reporting framework for charities; implementing a public information portal by 1 July 2013, and governance regulation. Most community housing providers which are likely to register under the NRS are charities and will have to register with the ACNC to retain their charitable status and tax concessions. There is likely to be overlap of reporting and governance requirements between the ACNC and NRS. Housing officials are working with Treasury and the ACNC Taskforce to ensure that both systems can work effectively without unnecessary regulatory duplication.

Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act)

The National Law allows for the registration of an Indigenous organisation registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act)*. Unlike the *Corporations Act 2001* the *CATSI Act* does not contain a provision allowing for displacement of its provisions in favour of state legislation and therefore the provisions of the *CATSI Act* will prevail over the National Law in respect of Indigenous organisations incorporated under the *CATSI Act* to the extent of any inconsistency (s109 of the Constitution). In practice this will mean that Registrars under the National Regulatory System will not be able to exercise certain intervention powers in respect of *CATSI Act* organisations, but will still have the power to deregister these organisations should they not comply with the National Law. *CATSI Act* organisations will continue to be regulated by the Office of the Registrar of Indigenous Corporations (ORIC) under the *CATSI Act*.

The Housing Ministers' Advisory Committee is recommending to Housing Ministers a change to the Tier requirements as set out in the Consultation Regulatory Impact Statement. This will allow *CATSI Act* organisations to register under Tiers 2 or 3 (defined as housing providers with small to moderate scale asset and tenancy management) without having to change their corporation status. However Indigenous community housing providers who wish to register under Tier 1, (defined as large-scale providers of social and affordable housing), will be required to be incorporated under the *Corporations Act 2001* along with all other housing providers under this Tier. This will ensure that all registered housing providers with the highest risk exposure (Tier 1) will be subject to identical regulatory arrangements.

Other Regulatory and Accreditation Systems

There are other regulatory and accreditation requirements which may impact on community housing providers such as the National Community Housing Standards, the Homelessness National Quality Framework and Aged Care Standards and Accreditation. These systems will be taken into account as part of the development of the operational guidelines and where possible regulatory duplication will be avoided.

Element 7 - Evaluation and Conclusion

This Decision Regulation Impact Statement examines the impact of introducing a National Regulatory System, the details of which are set out in the Consultation Regulation Impact Statement and Community Housing Providers National Law exposure draft, as amended to take into account stakeholder feedback.

The Cost-Benefit Analysis measured the net impact of introducing the National Regulatory System in terms of costs and benefits to state and territory governments and housing providers of different types defined by their scale and whether they operate across jurisdictions. Even using the most conservative assumptions estimated in regard to additional government investment in community housing and expected leverage from the introduction of the NRS the net benefits of the NRS over the decade to 2021 were calculated to be \$33.6 million. Using the most optimistic assumptions, the benefits rise to around \$448 million over the decade. The CBA also included a jurisdictional analysis which found that the NRS could be expected to confer net benefits to nearly all jurisdictions under nearly all modeled base case growth rates and NRS growth impact combinations. The CBA therefore recommended that the NRS should be implemented from both a national and jurisdictional perspective.

Stakeholder support for the proposed model was measured through widespread public consultations which occurred in late 2011 and early 2012. The consultations indicated strong in-principle support across the full range of stakeholders for the proposed model for the National Regulatory System over the status quo, conditional on adequately addressing key risks and concerns as part of the final drafting of the National Law and stakeholder input into the detailed development of the operating guidelines. Concerns regarding the design of the system have in most cases been able to be addressed through amendments to the National Law and housing officials have given a commitment to ongoing stakeholder consultation in the development of operating guidelines and representation on the National Regulatory Council.

Overall the stakeholder consultations and Cost Benefit Analysis support the introduction of the National Regulatory System over the status quo and this report therefore recommends that Housing Ministers adopt the proposed model for the National Regulatory System as set out in the Community Housing Providers National Law and Inter-Government Agreement.

Element 8 - Implementation and Review

The work plan for the implementation of the National Regulatory System has scheduled the signing of an Inter-Government Agreement by Housing Ministers in May 2012. This would allow final agreement in time for the National Law to be passed in the NSW lower house in June 2012 and the upper house in August 2012, with other jurisdictions to follow. Under the original time-frame agreed by Housing Ministers, the new system would commence in 2013.

A detailed implementation plan will be prepared once agreement has been reached by Housing Ministers on the final form of the draft National Law. Key implementation tasks will include developing detailed operating guidelines, a work plan for the establishment and ongoing operation of the National Regulatory Council, and negotiating transitional arrangements for housing providers registered under existing state and territory regulatory systems.

Review of the National Regulatory System will be by the National Regulatory Council to be established as an independent advisory committee appointed by Housing Ministers. The National Regulatory Council will periodically review the National Law and evaluate the effectiveness of the National Regulatory System. The National Regulatory Council will put in place mechanisms to consult with industry and relevant technical experts to ensure the ongoing development of the National Regulatory System is informed by the best available evidence. The National Regulatory

System will report at least annually to Housing Ministers and the COAG Standing Council on the operation of the National Regulatory System.

Attachment A

Current Community Housing Regulation by Jurisdiction

Jurisdiction	Regulatory approach	Specific provisions	Provision for Prudential Supervision	Tiers of registration	State interest in land
NSW	<p>Housing Act 2001 (as amended in 2007) and Housing Regulation 2009.</p> <p>The Registrar was appointed in 2008 and reports directly to the Minister. The Register can deregister non-complying organisations thereby disentitling them to government funding. Growth providers (Class 1 registered community housing providers) must leverage its assets at a rate that, in the opinion of the Registrar, delivers sustainable and optimal growth.</p> <p>Government investment protected by provisions requiring financial viability and business and risk planning.</p>	<p>Regulatory Code</p> <ul style="list-style-type: none"> - Fairness and tenant satisfaction - Sustainable tenancies and communities - Asset management - Sound governance - Standards of Probity - Protection of government investment - Development projects 	<p>Sound governance</p> <ul style="list-style-type: none"> -skills & operations of governing body - clear processes - business/operational planning -audit and risk management <p>High standards of probity</p> <ul style="list-style-type: none"> - fraud and corruption - code of conduct - reputation of sector 	<p>4 tiers –</p> <ol style="list-style-type: none"> 1. <i>Growth provider</i> (large manager of properties >400, undertaking development) 2. <i>Housing provider</i> (large manager of properties > 200 undertaking small scale development) 3. <i>Housing manager</i> (small to medium sized management >30, mainly property and tenancy management) 4. <i>Small housing manager</i> (managing one or more properties, mainly tenancy management) 	<p>Legislation proposed to allow government interest to be registered on the land title register to restrict sale/mortgage of land without consent.</p>
Victoria	<ol style="list-style-type: none"> 1. Housing Act 1983 (as amended 2005) 2. Ministerial Statements: 	<p>7 Performance standards</p> <ul style="list-style-type: none"> - Governance - Management - Financial 	<p>Governance / Management:</p> <ul style="list-style-type: none"> - organisational structure - business systems 	<p>2 tiers -</p> <ol style="list-style-type: none"> 1. <i>Housing Association</i> (expand new housing) 	<p>Legislation provides that the Director of Housing can declare an</p>

Jurisdiction	Regulatory approach	Specific provisions	Provision for Prudential Supervision	Tiers of registration	State interest in land
	<p>Performance Standards and Intervention Guidelines for the Registrar of Housing Agencies The Registrar was appointed in 2006 and reports directly to the Minister. The Registrar's powers include the power to appoint Directors to the Board, or an administrator, and to require wind up or merger and the transfer of assets.</p>	<p>viability</p> <ul style="list-style-type: none"> - Tenancy management - Housing management and maintenance - Probity - Risk Management 	<ul style="list-style-type: none"> - business planning - reporting (linked to National Community Housing Standards (NCHS)) <p>Probity – linked to ASX principles</p> <p>Risk Management –</p> <ul style="list-style-type: none"> -level of capital works being undertaken - impact of failure - results of financial analysis 	<p>through construction, purchase or acquisition)</p> <p><i>2. Housing provider</i> (primarily management of rental properties)</p>	<p>interest in land owned by a registered provider.</p>
QLD	<p>1.Housing Act 2003 2. Housing Regulation 2003</p> <p>QLD legislative framework establishes a registration and regulatory system for funded providers.</p> <p>Chief Executive can appoint an interim manager to a funded service. Regulations require providers to align eligibility, allocation and other policies with a single policy approach known as the 'one social housing system'. This includes a common access system for tenants.</p>	<p>Prescribed requirements under Housing Regulation includes:</p> <ul style="list-style-type: none"> - Accreditation - Financial management and accountability - Governance - Service Delivery - Tenancy matters - Other property matters 	<p>Governance</p> <ul style="list-style-type: none"> - Conflicts of interest - Compliance with information privacy principles - Delegations - Roles and responsibilities of officers - Officers' knowledge of legislation and governing documents - Employment matters - Dispute resolution 	<p>Single tier Registered provider (not-for-profit corporations, local governments, prescribed entities)</p> <p>Additional requirements (s.14) for providers seeking to use funded properties as security for loans.</p>	<p>Legislation provides that land transfer be subject to appropriate security or covenant</p>
WA	<p>Administrative registration system for community</p>	<p>Tier 1 linked directly to NCHS includes:</p>	<p>Tiers 2 and 3 linked directly to NCHS includes:</p>	<p>Proposed – 4 tiers <i>1. Growth</i></p>	<p>Caveat</p>

Jurisdiction	Regulatory approach	Specific provisions	Provision for Prudential Supervision	Tiers of registration	State interest in land
	housing established in 2007. In November 2008 a discussion paper was circulated seeking feedback on a proposed legislative framework.	<ul style="list-style-type: none"> - Governance - Management - Probity - Tenancy Management - Asset Management and Maintenance - Financial Viability 	<ul style="list-style-type: none"> - Governance - Management - Probity - Tenancy Management - Asset Management and Maintenance - Financial Viability 	<i>organisation</i> (500+) <i>2. Preferred organisation</i> (100+) <i>3. Registered organisation</i> <i>4. Non-registered organisation</i>	
SA	South Australian Co-operative and Community Housing Act 1991. SA Co-operative and Community Housing (General) regulations 2007. Legislation provides for the registration and regulation of housing cooperatives and associations which doesn't include all funded housing organisations.	Legislation contains detailed provisions regarding the financial arrangements of housing cooperatives and associations.	Requirements under Associations and Cooperatives Acts	2 types <i>1. Community Housing Organisations</i> <i>2. Housing co-operatives (tenant-managed)</i>	Statutory charge
TAS	No legislative regulatory regime for community housing providers.	N/A	N/A	N/A	N/A
NT	No legislative regulatory regime for community housing providers.	N/A	N/A	N/A	N/A
ACT	Housing Assistance Act 2007 (as amended 2008). Registration is by the Commissioner for Social Housing (the Commissioner) who can appoint Board members or an administrator and can wind up	Standards (under legislation) <ul style="list-style-type: none"> • Tenancy management • Tenancy rights • Governance and organisational management • Management 	Governance and organisational management <ul style="list-style-type: none"> - Constitution - Business planning - financial and risk management 	2 tiers <i>1. Affordable Housing provider</i> <i>2. Community Housing provider</i>	Legislation provides that assistance may be given to registered housing provider subject to conditions.

Jurisdiction	Regulatory approach	Specific provisions	Provision for Prudential Supervision	Tiers of registration	State interest in land
	<p>and distribute assets.</p> <p>The Commissioner has delegated to the Registrar of Not-For-Profit Housing Providers powers and responsibilities to register not-for-profit housing providers, monitor ongoing compliance with eligibility criteria and maintain the public register.</p>	systems			