

Taking Registration forward

Introduction

During 2006-07, the Office of the Registrar of Housing Agencies (ORHA) conducted a pilot project to help develop a registration system for the amendments to the Housing Act 1983, relating to housing agencies.

Seventeen housing agencies participated in the pilot, with eleven submitting applications for registration by the end of the project. Of these, one association (Rural Housing Network) and one provider (Women's Housing Ltd) have so far been registered, with other assessments continuing.

ORHA appreciates the work that agencies put into the pilot project, and their willingness to meet with us, and provide further information where requested. A list of agencies that participated in the pilot project is included in Appendix 1.

CHFV evaluation

At the conclusion of the pilot, the Community Housing Federation of Victoria (CHFV) conducted an independent evaluation, including a survey of participants.

CHFV is an important player in the community housing sector, particularly as initiatives such as registering and regulating agencies are progressed. ORHA acknowledges the valuable work that CHFV has undertaken in evaluating the pilot, and their continued support to agencies in preparing and applying for registration.

CHFV's evaluation of the pilot project is available at:

<http://www.chfv.org.au>

Issues raised by the pilot

CHFV's evaluation of the pilot identified six key issues relating to registration and made a number of suggestions for addressing them. Our response to these is set out below.

1 Workload

Most pilot agencies found the type and quantity of work required to complete a registration application to be substantial, demanding and a significant commitment of the agency's resources.

All agencies except one had to make constitutional changes, which is not surprising given the specific requirements of the registration criteria in Schedule 7.

Most agencies needed to at least update policy and procedure documentation, with many needing to review, revise or develop agency business practices in a number of areas.

Registration also requires agencies to have a good business plan and a sound understanding of their financial viability now and into the future. These are not merely regulatory requirements but fundamental tools by which an organisation and its board can successfully manage their business and plan for the future.

In practice, the pilot showed that agencies need to have skills, expertise and capacity to meet these requirements, both at board level and within the organisation. Smaller agencies with few properties and few (or no) staff, will struggle to meet the demands of registration, let alone the ensuing regulatory requirements.

The Office of Housing (OoH) wants all Director of Housing properties to be managed by registered agencies by December 2008.

Recognising that registration may not be appropriate or even possible for a number of existing housing agencies, OoH is seeking to develop alternatives for these agencies to consider such as partnerships, alliances and even mergers. Further details concerning options for structural change in the sector are provided in the OoH publication, 'Sector reform – the next phase'.

2 Differentiation

All agencies, regardless of registration category, must demonstrate the capacity to comply with all Performance Standards and maintain compliance once registered. The generic nature of Performance Standards, which are grounded in sound business practices common to any successful organisation, means that prescriptive differentiation poses risks to the regulator and to the agency.

The breadth of activities in which an agency is involved, and the resultant risk, will be a key determinant in the scope and sophistication of governance, business and other systems required by the agency. The greater the perceived risk, the greater degree of assurance we require.

Housing associations, as the government's primary development vehicle for social housing, will need more complex, extensive and robust policies than providers that essentially manage property.

Registration isn't so much about the size of an agency, as its business direction. The key focus is demonstrating that an agency is well governed, well managed and viable. We cannot compromise this objective by seeking less information from smaller organisations.

While recognising the diversity of the sector and enabling agencies to adopt different approaches, ORHA will provide more instruction and direction for the future registration rounds than has previously been available.

3 Knowing the sector and working with its strengths

The pilot allowed ORHA to learn more about the diversity of the sector, its strengths and the challenges it faces in getting registered and operating in a demanding regulatory environment. The participation by pilot agencies of different sizes, business types and in different locations has increased our knowledge of how the sector works.

ORHA met with all agencies during the pilot and in a number of instances met with agency boards. This engagement proved to be mutually beneficial and we will continue such contact in subsequent registration rounds.

4 Requirements and benchmarks

We have come a long way in developing the government's framework for the registration and regulation of the sector. Rather than imposing a top down process, we employed a consultative and iterative approach with learnings for all involved.

While there are still areas remaining to be developed, the main purpose of the pilot, to identify the questions on both sides and provide realistic and practical solutions, has been achieved.

During the course of the pilot we launched a set of performance measures for the Performance Standards, which are now in use with the registered agencies.

We will shortly introduce an online registration and regulatory information system (REGIS) and accompanying guidance as to what is required in order for agencies to achieve registration. The workbooks used in the pilot were a resounding success and the online application form strongly resembles these.

A clearer, more streamlined and proportionate application process built around the performance measures, informative quality management questions and specific evidence requirements will assist agencies applying for registration.

Assessing the applications from the pilot has helped identify additional areas where efficiencies can be found. Instead of a series of clinics, ORHA will hold information sessions targeted at prospective housing providers and housing associations. These sessions will focus on the particular requirements for each category of registration.

5 Mutual recognition

When assessing registration applications ORHA requires evidence that agencies are well governed, well managed and viable. If agencies have previously undertaken similar regulatory work, or are accredited under other systems, they will be in a much better position to provide suitable evidence to ORHA.

Nevertheless, the legislative framework to which we and the sector are accountable, means that ORHA cannot merely accept the imprimatur of another body on face value. In registering agencies we take a whole of agency perspective while some systems only focus on a part of an agency's business.

Agencies must, of course, ensure that they meet all legislative and regulatory requirements that apply to the agency and its business, seeking specialist advice where necessary.

6 The Act

Providing more explanation about the registration criteria set out in Schedule 7 of the Housing Act 1983 and what is expected in the constitutions of agencies seeking registration is a key result of the pilot. This advice is available on ORHA's website.

A further guide on the winding up requirements of Schedule 7 has also been published and we will continue to provide more advice as the need arises. The Housing Act 1983 creates a robust and effective regulatory framework and none of the issues raised in the pilot undermines its effectiveness, relevance or rigour.

How we're taking the issues forward

The pilot, CHFV evaluation and the process of assessing the applications have helped us gain a much better understanding of the sector and of the information required from agencies in support of their application for registration.

As a result, in coming weeks we will:

- > publish a key registration guidance document to assist agencies applying for registration, particularly differentiating between the requirements of housing associations and housing providers
- > streamline the application process, by bringing online an application form developed from the pilot workbooks
- > continue to work with CHFV to assist agencies through the registration process, acknowledging the diversity of the sector as well as taking opportunities to work with like agencies
- > in partnership with CHFV, deliver financial training for agencies applying for registration
- > learn from agency feedback and take this into account in developing regulatory policy and procedures.

The future

ORHA intends to hold three registration rounds over the next 12 to 15 months, the first starting in September 2007. Agencies that have considered their options and know that they are ready and have the capacity to be registered are encouraged to apply in the next round. These are likely to be larger agencies that have commenced registration planning.

This is not to discourage smaller agencies from discussing registration and considering their options with OoH or ORHA. However, given the deadline of December 2008 agencies should give serious consideration now to the range of options outlined in the OoH document 'Sector reform – the next phase' and also seek their own advice.

Agencies that are considering applying for registration in future rounds need to start preparing now and should talk to ORHA, OoH and CHFV. CHFV is running a number of workshops aimed at preparing agencies for registration and helping them through the process.

ORHA will be announcing details of the processes and requirements for the future registration rounds in August 2007. Further information on registration can also be found on ORHA's website at :

<http://www.dhs.vic.gov.au/housing/orha>

Appendix 1 - Agencies participating in the pilot

Active Property Management Services Ltd*
BAYSA Ltd*
Common Equity Housing Ltd*
Footscray Rental Housing Co-operative*
Kensington Management Company*
Northcote Rental Housing Co-operative
Prahran/Malvern Community Housing Inc*
Rural Housing Network Ltd**
Salvation Army - Australia Southern Territory
Servants In Hawthorn Inc*
Southport Community Housing Group*
St Kilda Community Housing Ltd (formerly St Kilda Rooming House Issues Group Inc)*
St Vincent de Paul
UnitingCare Ballarat Parish Mission
UnitingCare Harrison Community Services
UnitingCare Victoria and Tasmania
Women's Housing Ltd**

* application for registration made

** registered as at July 2007