



NSW Community Housing Conference 2008

The role of governance in driving innovation

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Governance

- **the process of decision making**
- **the process of implementation of decisions**

Innovation

- **the development of creative ideas**
 - **implementation of creative ideas**
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CHC – our experience of the sequence

governance concepts



implementing governance reforms



creating an affordable housing strategy



implementing housing innovation

Corporate Governance Principles

Principle (The Australian Stock Exchange 2008)

- **Lay solid foundations for management & oversight**
- **Structure the Board to add value**
- **Promote ethical & responsible decision-making**
- **Safeguard integrity in financial reporting**
- **Make timely & balanced disclosure**
- **Respect the rights of shareholders**
- **Recognise & manage risk**
- **Remunerate fairly & responsibly**

Action (CHC implementation of governance reforms)

- Business planning, governance policy for Board & management
 - Size, skills & commitment
 - Code of conduct
 - Procurement principles
 - Audit committee – independence
 - Annual reporting, web site
 - Effective communication
 - Overall, individual projects & internal
 - Link to performance
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The characteristics of good governance

Quality

- **Effective & Efficient**
- **Accountable**
- **Transparent**
- **Participatory**
- **Responsive**
- **Socially responsible**
- **Equitable & Inclusive**

(UN Economic & Social Commission for Asia & the Pacific)

Housing Example (CHC affordable housing SCI 2007)

- **Expanding housing supply relevant to needs**
- **Efficient use of available resources - using housing equity to expand supply**
- **Reporting on outcomes**
- **Policies relevant to tenant circumstances and housing need**
- **Contributing to policy analysis**
- **Improving asset management and housing quality for tenants**
- **Adopting best practice neighbourhood consultation**
- **Developing socially integrated mixed tenure housing projects**
- **Developing housing products for special needs**
- **Improving urban environments**



Innovation depends upon:

- **definition of actions to support key results**
- **recognition that actions are innovation and change**
- **implementation by motivated individuals, participating, facilitating**
- **identification of leaders, resources, priorities**
- **devolving authority, encouraging progress**
- **evaluating outcomes**

Innovation is an intrinsic element of the business plan

Integrating governance & innovation

An example of a key results framework (Northside Community Services Business Plan 2008)

- **Building excellence in service delivery**
 - Customer needs & service innovation

 - **Building community capacity**
 - Participation & community capacity

 - **Building organisational capacity**
 - Skills, policies & business practice

 - **Building business acumen**
 - Sustainability & profitability
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CHC affordable housing

Innovation creates governance complexity

- **Regional affordable housing strategy**
 - Integrated policy and coordinated implementation of strategy
 - Land supply increases, housing targets, new programs, planning reform, resources
 - **Statement of Corporate Intent**
 - Guides CHC outcomes & innovations in regional strategy
 - Supports resource arrangements, \$50m loan program, reporting contract
 - SCI drives innovation - accountabilities increase - actions & outcomes depend on performance management
 - **A skills based board has focus on financial reform & integrity**
 - Underpins delivery of housing supply & services
 - Financial reporting restructure, new business units
 - Establishes governance policy, ethical conduct, procurement
 - Long term financial planning model developed
 - Integration of financial systems
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Innovation creates governance complexity

- **A skill based development advisory group reviews projects, improves investment analysis, drives quality**
 - Evidence based housing planning
 - Quality of housing products
 - Diversity of housing form
 - Location, employment, transport & spatial distribution are of increasing import
 - **Evolving system management**
 - ISO 9000 moving to 14000 series
 - Risk management, OH&S, environmental policies & practices becoming more important as housing delivery expands
 - **Project management**
 - Financial feasibility, investment returns and equity growth
 - Management of cash flows
 - Management of concept and planning approval processes
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Embedding innovation in governance

Objective: Improve access to affordable housing

- Expand the supply of affordable housing for households not eligible for public housing.
 - Improve access to affordable rental housing for households in housing affordability stress.
 - Improve access to affordable home ownership for CHC tenants and moderate income home buyers.
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Objective: Create appropriate housing

- Create innovative housing developments and tenure options that provide housing choice and diversity to meet the evolving needs of the community.
 - Improve rental housing quality through strategic asset management.
 - Pursue high quality, environmentally sustainable and affordable housing outcomes.
 - Contribute to the development of socially cohesive communities.
 - Achieve positive outcomes for community and affordable housing tenants.
 - Enhance the capacity of CHC to deliver innovative affordable housing solutions.
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Objective: Efficiency and corporate governance

- Adopt the highest standards of corporate governance.
 - Procure, manage and maintain housing in the most cost effective manner.
 - Establish ISO accredited quality standards and tenancy support policies and practices.
 - Provide professional advice on affordable and community housing development.
 - Invest the proceeds from efficient housing operations in the retention and expansion of affordable housing for future generations.
 - Establish policies and practices that contribute to the long term financial viability and capacity to provide affordable housing.
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Australian Business Excellence Framework (ABEF)

■ The ABEF Principles

- Clear direction allows organisational alignment and a focus on the achievement of goals
 - Mutually agreed plans translate organisational direction into actions
 - Understanding what customers value, now and in the future, influences organisational direction, strategy and action

 - To improve the outcome, improve the system and its associated processes
 - The potential of an organisation is realised through its peoples enthusiasm, resourcefulness and participation.
 - Continual improvement and innovation depend on continual learning
 - All people work in a system; outcomes are improved when people work on the system

 - Effective use of facts, data and knowledge leads to improved decisions
 - All systems and processes exhibit variability, which impacts on predictability and performance

 - Organisations provide value to the community through their actions to ensure a clean, safe, fair and prosperous society
 - Sustainability is determined by an organisations ability to create and deliver value for all stakeholders

 - Senior leadership's constant role modelling of these principles and their creation of a supportive environment to live these principles, are necessary for the organisation to reach its true potential.
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