

## Membership of Community Housing Providers



### What is this report about?

The NSW Registrar of Community Housing (the Registrar) conducted a campaign to understand membership arrangements of Community Housing Providers (CHPs) and to gain insights into the possible changing behaviours of CHPs surrounding membership.

### The context of this research

As part of the requirements of the National Regulatory Code, Community Housing Providers (CHPs) must demonstrate that the organisation is “complying with legal and relevant government policies” (National Regulatory System for Community Housing, Evidence Guidelines, Performance Outcome 4, Governance).

Significant consequences resulting from failures in the areas of governance necessitates greater scrutiny and regulatory focus than other performance areas. Part of this assessment process includes drilling down to governance structures, ensuring the Constitution and Charter are up to date and reviewing any plans to change governance arrangements.

Several interventions in 2017-18 carried out by the Registrar’s office revealed a small number of entities had narrowed (placed restrictions on) their membership base and faced difficulties when it came to refreshing the board. The Registrar sought then to identify any broader trends and impacts amongst CHPs as preventative, better practice advice for any CHPs considering changes in constitution which may lead to unintended consequences for governance failings later.

Given there is no ‘wrong’ or ‘right’ in either narrowing or expanding membership, this campaign did not seek to define a preferred membership model. Rather the intent was to identify trends and gain insights into the possible changing behaviours of CHPs surrounding membership. The campaign found largely positive practices and provides a baseline view of the level of tenants participation as members of CHPs.

### Methodology

The Registrar engages with Tier 1 and Tier 2 providers annually and the November 2018 to May 2019 assessment process was used to gain insights into possible emerging changes and trends surrounding membership of CHPs. This process took a closer view of how CHPs demonstrate current practices and complied with applicable legal requirements of regulatory bodies such as Australian Securities and Investment Commission (ASIC) and Australian Charities Not for Profit Commission (ACNC).

In addition, the campaign reviewed the Registrar’s assessments of governance of Aboriginal Community Housing Providers and tested findings from the Tier 1 and 2 assessment with the Homelessness and Churches Peaks for advice on similarities with the larger group of Tier 3 providers.

In particular, the Registrar's staff sought evidence of policies and procedures used to determine application and eligibility to become a member, confirmed any shifts in membership base, obtained copies of updated constitutions, and took into account the underlying factors that contributed to the differing governance arrangements. It also involved having a look at Board composition of Tier 1 and 2 Providers.

## Findings

Approximately 50% of the Tier 1/2 CHPs assessed have open membership bases (no restrictions for membership) with active tenant participation largely encouraged. Decisions for open or closed membership bases appear to match the business outcomes of each CHP.

The Registrar found no evidence of any systemic weaknesses arising from shifts in the membership base of Tier 1 and 2 providers. The issues on membership are not at the forefront of provider's minds and are considered as required. CHP memberships are in line with constitutions which are formulated according to legal requirements and relevant government policies.

The Registrar has identified some areas of positive practice and other considerations that CHPs may take into account based on the scale and scope of their business operations. This largely centred on the benefits for a majority of providers from enhancing the visibility and accessibility of their membership information. Consideration may be given to formalising good practice findings arising from this campaign as NSW and/or NRSCH Guidance for CHPs; especially as the growth of the sector in tenancies is likely to continue into the future.

## For more information

If you would like to speak with the Registrar's Office about this report, please call 1800 330 940 or email us at [registrar@facs.nsw.gov.au](mailto:registrar@facs.nsw.gov.au)

## FURTHER INFORMATION

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