

AUSTRALIAN INSTITUTE  
of COMPANY DIRECTORS

# Australian Institute of Company Directors

*2015 Review*



Our objective in producing this Review is to provide an overview of our strategic performance for the year ended 30 June 2015. Our progress is considered in the context of our primary functional areas: education, member and client services, and advocacy.

Our audited financial statements are published in our Financial Report for the year ended 30 June 2015. This Review is designed to be read in conjunction with the Financial Report. It has not been the subject of an audit, but it contains figures extracted from our audited financials. References to “we” and “AICD” in this Review refer to the “Australian Institute of Company Directors”. This Review is also available at [companydirectors.com.au/annualreport](http://companydirectors.com.au/annualreport)

## Our Mission

The Australian Institute of Company Directors® is committed to excellence in governance. We make a positive impact on society and the economy through governance education, director development and advocacy. Our membership includes directors and senior leaders from business, government and the not-for-profit sectors.

## Strategic Aspirations

Encourage high engagement of members and clients to increase satisfaction and foster loyalty. Facilitate access to, and adoption of, the world's best governance practices.



### EDUCATION

Deliver a governance curriculum that enriches the practice of directorship and governance and builds the capability of organisations, boards, directors and executives.



### MEMBER AND CLIENT SERVICES

Provide professional and quality services and become the destination for members, clients and the public to uncover insights and find support in the practice of good governance.



### ADVOCACY

Advocate for excellence in governance and directorship through our commitment to improving standards and maximising the benefits of good governance for organisations and their stakeholders.



### FINANCIAL SUSTAINABILITY

Solidify our financial model to fund long-term development and achievement of our strategic objectives.

# Chair's Report

On behalf of the Board, I am honoured to report on the direction of your Australian Institute of Company Directors. The Board has focused on its primary functions over the past year: safety, strategy, appointing a new Managing Director & Chief Executive Officer (MD & CEO) and overseeing the provision of member services.

John Colvin's exceptional time as MD & CEO came to an end in January 2015. His tenure gave us an exceptionally strong organisation, as judged by numbers of members, the services delivered, the support we received from you and the increased capability of the team.

John deserves the greatest tribute any leader can receive – he left the organisation much stronger than he found it.

We selected and appointed John Brogden as MD & CEO in January 2015 from an exceptional field of candidates with the goal to take the AICD's performance further.

John Brogden has had an outstanding career in parliament, business and the community. An active non-executive director and chair, he has infused the AICD with new energy, a broader vision and articulated crisply how he will lead the organisation to new heights.

While the AICD's total membership (36,779 as at 30 June 2015) is a significant measure, of much greater importance is our ability to connect with you as an individual. The knowledge, experience and connections you are looking for to enrich your professional life can be found within the AICD network. No matter your role or the stage of your career, you can contribute your expertise, be inspired, mentored, recognised and be an advocate for excellence in performance and governance.

Significantly, the Board has endorsed management's proposal to broaden the AICD's advocacy agenda. By engaging in constructive debate on new areas of public policy, we will enhance our capacity to shape the environment in which companies are operating.

The Board has also reflected on the findings of our performance evaluation as we continue to progress our corporate governance to reflect modern good practice. We are committed to safely driving the AICD's performance, providing clarity of purpose, financial strength, supporting the organisation to achieve its potential and investing in compliance.

We have updated our board appointment process to reflect our desired skills matrix and end the nexus between division presidency and appointment to the National Board. Following practice originating from our federated structure, the Board previously appointed division presidents to the National Board, often for short periods only. This resulted in high rotational turnover, a lack of corporate memory and the need to continuously induct new directors. While each division will still appoint a director to the National Board, roles are now appropriately filled based on skills and experience.

I would like to thank the Board for supporting the MD & CEO succession process, the revisions to our corporate governance and for providing input into new strategic initiatives.

To members, thank you for your ongoing loyalty and support of the AICD. We also acknowledge the great work of the directors and executives who left the AICD during the year: the Hon Keith De Lacy AM, Dr Bill Scales AO, John Colvin, Andrew Madry, Steve Burrell and Iggy Pintado.

Thank you to all of our remarkable staff for the outstanding support you provided to members and directors. We congratulate John Brogden for a great start and developing a new strategy that will enable us to build on our achievements and evolve into the future.



**Michael Smith FAICD**  
Chair



# MD & CEO's Report

It is a great pleasure to provide my first report as MD & CEO of the Australian Institute of Company Directors. Since starting in January, I have assessed our position and am excited by the opportunities we have to continue to lead the drive for excellence in governance in Australia.

I would like to thank John Colvin, his team and our predecessors for establishing the AICD as the world's largest director institute. Due to their efforts, the AICD is now Australia's leading governance educator and the gold standard for governance in the nation.

We have continued to see immensely strong interest in directorship as a career and a contribution to society, as well as dedication among executives to improve their understanding of governance and interaction with boards. This – combined with the ongoing professionalism of not-for-profit boards and interest in governance excellence among private enterprise – has led to 4.5 per cent growth in membership and a 3.8 per cent increase in participation in the AICD's education programs.

In addition to strong growth across membership and education, this year has seen the launch of a significant policy for improved diversity in Australia's boardrooms.

In April 2015, the AICD adopted a landmark policy for all boards in Australia to meet a target of 30 per cent female directors, which has helped us to regain the leadership as an advocate for boardroom gender diversity. We have urged S&P/ASX 200 companies to meet this target by the end of 2018.

We are committed to encouraging good practice director selection and providing guidance for those seeking to start or build a directorship portfolio. *Directorship Opportunities*, our principal platform for connecting individuals with organisations seeking to fill board positions, was relaunched in March. The tools available on this platform complement the practical tools available within our online Director Resource Centre.

**\$0.2M**

Net result  
(2014: \$3.3m)

**36,779**

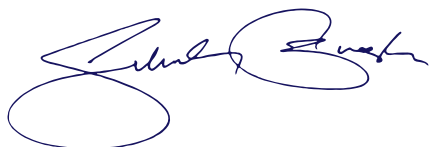
Members  
Up 4.5% since 2014

Delivering the *Essential Director Update* was a highlight of our events program again this year. After several years of following a consistent format, we have some exciting plans to change the style and focus of our National Conference in 2016, with the intention to make it more relevant and accessible.

This year we also restructured our workforce for greater accountability, reduced bureaucracy and enhanced efficiency. I would like to acknowledge our team for adapting so well to this reorganisation. These changes will provide the right structure for us to best serve members, improve the effectiveness of our advocacy work and continue our growth.

In FY15, our revenue increased \$4.4 million to \$60.8 million. Our net result, before restructuring costs of \$2.7 million, was a surplus of \$2.9 million, compared to \$3.3 million in FY14. We invested \$2.6 million in strategic initiatives and \$5.6 million in capital expenditure, principally for the development of two new Business Centres and Member Lounges along with the refurbishment of the AICD's Perth and Melbourne offices. The net investment result for the year was \$3.1 million (up from \$2.7 million in FY14).

Thank you to our sponsors and all members for your support and I look forward to delivering on our new goals for the benefit of members, directors and stakeholders in the year ahead.



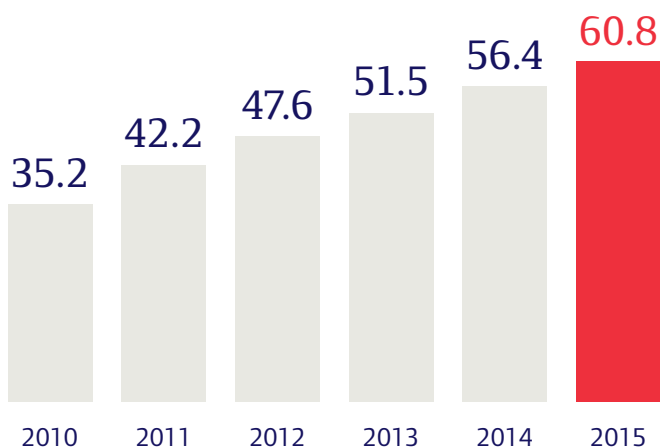
**John Brogden AM FAICD**

Managing Director & Chief Executive Officer



# Highlights 2014/2015

Total operating revenue \$m



## EDUCATION

377

Public education courses conducted

96%

Course satisfaction

13,869

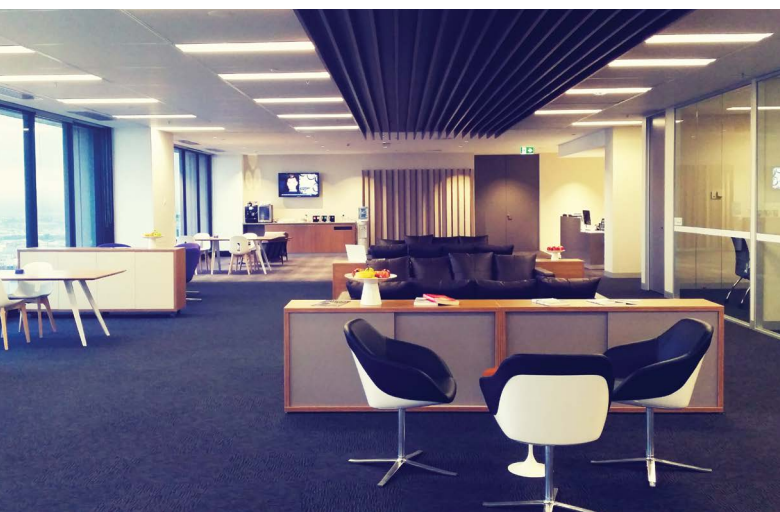
Education program participants

3,604

Participants undertook the  
*Company Directors Course™*  
in its 40th year



New program delivered  
*International Foundations of Directorship*



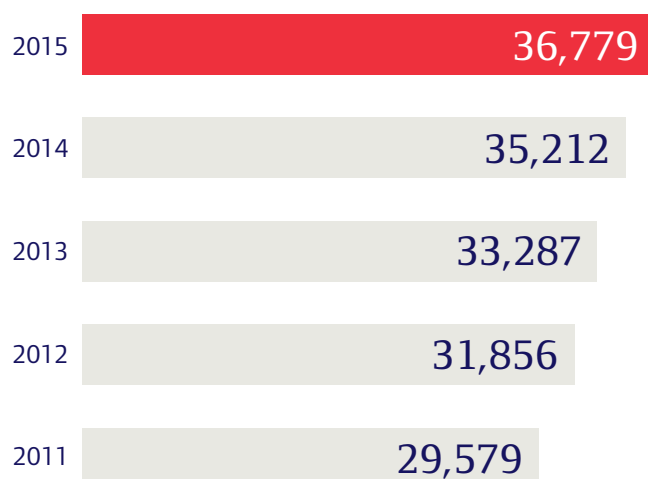
The new Business Centre and Member Lounge was opened  
in both Perth and Melbourne in 2015.



## MEMBER AND CLIENT SERVICES

## Membership 2011 to 2015

(Total members as at 30 June)



In 2015

4.5%

Membership growth

35,119

Event attendees

4,958

Attended *Essential Director Update* seminars  
live events and webinars

19

Member events hosted internationally

## ADVOCACY



Launched campaign calling for all  
S&P/ASX 200 boards to achieve 30 per cent  
female representation by December 2018.



Encouraged the Commonwealth Government  
to maintain elements of the Australian Charities  
and Not-for-Profits Commission (ACNC),  
delivering improved outcomes for the NFP sector  
(in response to the abolition proposal).



Launched Governance Leadership Centre (GLC)  
– a new resource for over-the-horizon thinking.



Successfully advocated for the abolition of  
the 100-member rule. This is a significant outcome  
for the benefit of all companies.



Continued to advocate for reform to provisions imposing  
personal criminal liability on directors for corporate fault  
pursuant to the *COAG National Partnership Agreement to  
Deliver a Seamless National Economy*.

# Board Members



**Michael Smith DLITT (HON) FAICD**

Chair

Managing Director, Black House; Chair, iiNet Limited, the Lionel Samson Sadleirs Group Pty Ltd and Pioneer Credit Limited; Deputy Chairman, Automotive Holdings Group and 7-Eleven Stores Pty Ltd; Director, Creative Partnerships Australia.

---



**Yasmin Allen BCOM FAICD**

National Director

Director, ASX Limited, Santos Limited, National Portrait Gallery and The George Institute for Global Health Director; Director, Insurance Australia Group Limited (IAG) and Chair of its Remuneration Committee; Director, Cochlear Limited and Chair of its Audit Committee.

---



**David Bayes FAICD**

Victoria Division

Director, Sigma Pharmaceuticals Ltd and Chair of its Remuneration and Appointments Committee and a Member of the Risk Management and Audit Committee.

---



**Kathleen Conlon BA (ECON) MBA FAICD**

New South Wales Division

Director, Aristocrat, CSR Limited, REA Group Limited, Lynas Corporation Limited and the Benevolent Society.

---

**Peter Hay LLB FAICD****National Director**

Chairman and Director, Newcrest Mining Limited, Federation Centres Limited and Federation Limited (effectively one board); Member, Australian Government Takeovers Panel.

**Anne O'Donnell BA (BKG & FIN) MBA SFFINSIA FAICD****ACT Division**

Chair, Beyond Bank Australia; Director, Equity Trustees Ltd and Eastwoods Pty Ltd; Member, The Winston Churchill Memorial Trust, Goodwin Aged Care (ACT), the Compliance Committee of UBS Global Asset Management and the Audit Committee of IP Australia.

**Kevin Osborn FIPA FAICD****South Australia and Northern Territory Division**

Chairman, Vuca Pty Ltd; Deputy Chairman, Port Adelaide Football Club; Director, Accounting Professional & Ethical Standards Board (APESB), Pateka Ltd and Tristar Ltd.

**Dr Sally Pitkin LLB LLM PHD FAICD****Queensland Division**

Director, Echo Entertainment Limited, Super Retail Group Limited, Billabong International Limited, IPH Limited and Opera Queensland Ltd; Member, ASIC External Advisory Board and Queensland Competition Authority; Adjunct Professor, University of Queensland Business School; Fellow, Bond University.

**Elizabeth Proust LLB BA (HONS) AO FAICD****National Director**

Chairman, Nestle Australia and Bank of Melbourne; Deputy Chairman, Catholic Church Truth Justice and Healing Council; Director, Perpetual Ltd and Sports Australia Hall of Fame; Member, JP Morgan Advisory Council and the Business Advisory Board of Monash University Business School; Trustee, Prince's Charities Australia.



**Roderick J Roberts BEC MBA DR LAWS (HON) FAICD**

Tasmania Division

Chairman, Webster Limited and University of Tasmania (UTas) Investment Committee; Director, AGW Funds Management Limited and various proprietary companies; Governor, UTas Foundation.

---



**Gene Tilbrook BSC MBA FAICD**

Western Australia Division

Director, Orica Limited, Aurizon Holdings Limited, GPT Group Limited, Woodside Petroleum Limited, Bell Shakespeare Company; Councillor, Curtin University.

---



**John Brogden MPA AM FAICD**

Managing Director & Chief Executive Officer

Chairman, Lifeline, UrbanGrowth NSW (Landcom), Furlough House Retirement Village and Broken Bay Institute.

---

# Education

We provide world-class governance education to enrich the practice of directorship and build the capability of organisations, directors and executives.

The quality of the AICD's educational offerings are critical to our ability to have a positive impact on governance.

Feedback indicates the *Company Directors Course* – 40 years strong – is making a powerful difference to director careers.

Evidencing participants' satisfaction today, the *Company Directors Course Update* achieved the highest Net Promoter Score rating of the curriculum in 2015 (74).

Registrations across the education portfolio remained robust, with the highest growth in customised corporate programs. Awarding scholarships to individuals has enabled the AICD to facilitate access to a broader range of participants, including directors and executives in regional areas.

Our programs are increasingly being conducted onsite, with a new Perth Learning Centre having opened in March.

“The collective wisdom and experiences shared in the AICD's programs is quite mind blowing.”

**Penny Morris AM FAICD**

National Education Advisory Committee





45

Facilitators received  
perfect evaluations  
(5/5)



366

In-house programs for  
boards and corporates  
(2014: 334)



89

Programs in curriculum  
(2014: 68)



6,000

Webinar participants  
(2014: 4,690)

In a major boost to the AICD's eLearning program, there is now one webinar scheduled every week. Webinars present directors with dynamic and contemporary learning opportunities where content can be accessed anywhere, at any time and on any device.

We continued to expand our international activities. Highlights of the year include:

- Developing a *Papua New Guinea Directors Course* and *Governance Foundations for NGOs in Asia*
- Delivering the *International Foundations of Directorship* and courses in locations such as Fiji, Indonesia, Hong Kong and Malaysia

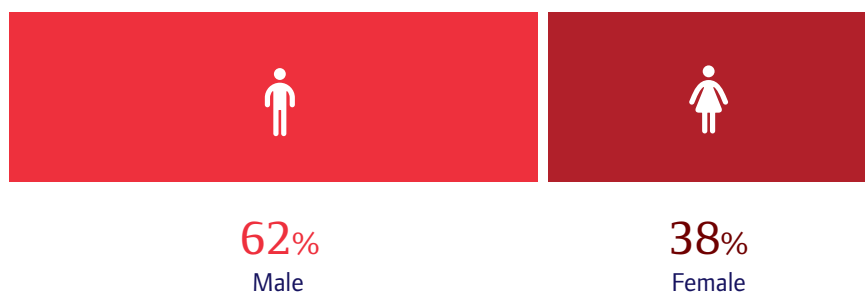
In FY16, we will invest in learning infrastructure, update our assessment experience and introduce two optional electives for *Company Directors Course* graduates. These electives reflect our commitment to offer deep and technical skill-building opportunities that build a life-long development journey for *Company Director Course* graduates.

We will also build on the programs offered to organisations, increasing customisation of content and delivery to meet client needs.

*“The Company Directors Course is an important gate opener to consider before stepping up to the plate as a company director ... it sharpens the mind and appetite for ongoing learning.”*

**Karen Penrose GAICD**

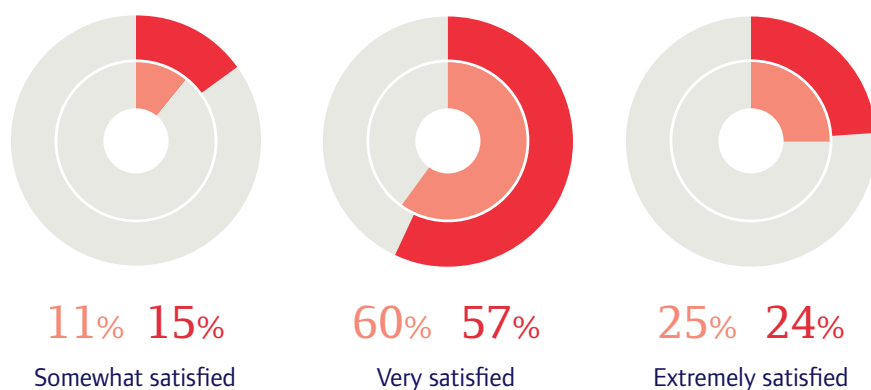
### Company Directors Course participants by gender



The *Company Directors Course* has had a positive impact on the quality of governance education for 40 years.

### Member satisfaction with courses

■ FY14 ■ FY15



Source: Member Satisfaction Survey. Members who attended a course in the last three years.



### *Interpreting Financial Statements*

Best eLearning Design  
Interactive Scenario

# Member and Client Services

Our services spark critical thinking about director and governance practices. We enable members and clients to expand their knowledge and network with people who are passionate about governance and leadership.

The AICD website is a major channel for member interaction. More than 627,000 unique individuals visited the site. The most valued content includes the practical tools in the Director Resource Centre (775,540 page views). Twenty-four (24) per cent of visitors to the Tools section accessed our Q&A designed to aid board meeting administration.

Divisional offices continued to focus on delivering quality member services, with an emphasis on providing networking opportunities and events relevant to local markets. For example, Queensland developed an NFP regional roadshow, Victoria ran special interest groups in Geelong, the iconic Rottneest Forum was hosted for the 39th consecutive year in Western Australia, NSW hosted a roundtable in Dubbo and Tasmania facilitated three complimentary discussions. The ACT Division also facilitated a public-sector mentoring program for 11 women.

The International Team supported Australian-based members on global governance issues and continued work to build Australian executives' Asian-regional capability. Topics discussed at international member events included Australian ASEAN relations, ethical decision-making, joint ventures and global capital flows.

Ninety-two members enrolled in *Directing Growth*, a 12-month national program for owners and directors of mid-sized businesses to explore growth strategies. In the year ahead, we will further analyse member needs to deepen our understanding and innovate our service offerings.



# 10,346

LinkedIn company followers  
(2014: 4,670)

# 4,145

YouTube views  
(2014: 3,786)

# 5,960

New members in FY15  
(2014: 6,032)

# 86.7%

Member renewals  
(2014: 87%)

# 246

Subscribed to the IFX Director Assist  
member service

# 14.7%

Growth in international membership

## Building governance understanding



**67%** Extremely/very satisfied  
with the AICD's delivery on the  
need "to understand what good  
governance is all about"

"[AICD] provides the  
information and  
support I require to  
effectively service  
boards [and] help  
them operate more  
effectively and improve  
my knowledge of  
directors' obligations  
and responsibilities."

**Member Satisfaction Survey 2014**



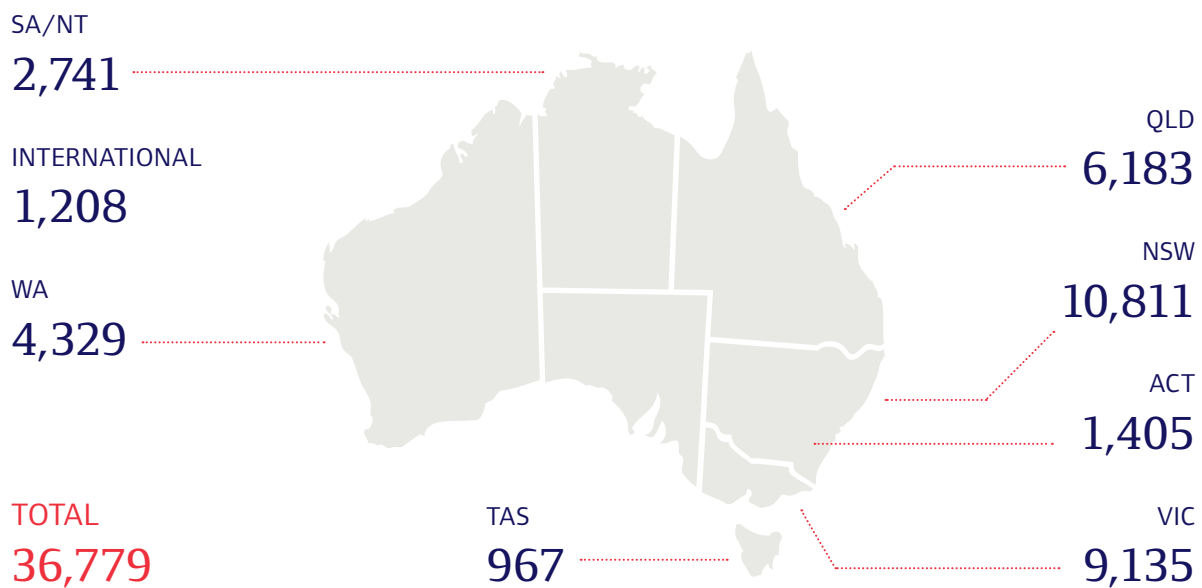
## Creating opportunities

Miriam Stanborough, a Western Australia *Director Pipeline* participant,  
will join the Leukaemia Foundation Younger Business Advisory Group.

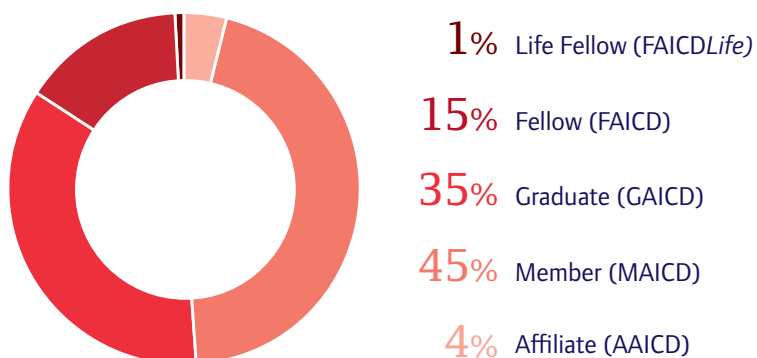


Patrick Abdullah, Astro Overseas Limited, spoke on assimilating local leadership, talent and culture at *Directorship:15* – the highest rated conference forum.

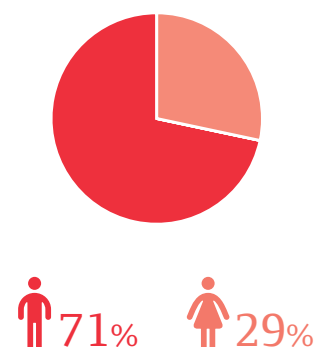
### Membership by division



### Membership by Grade (%)



### Membership by Gender (%)



## Member Services Awareness and Usage



COMPANY DIRECTOR MAGAZINE  
89% Heard of 82% Used



THE BOARDROOM REPORT  
78% Heard of 53% Used



GOOD GOVERNANCE PRINCIPLES AND  
GUIDANCE FOR NFP ORGANISATIONS  
70% Heard of 47% Used



DIRECTORSHIP OPPORTUNITIES  
73% Heard of 35% Used



BOOKS/PUBLICATIONS  
63% Heard of 27% Used



DIRECTOR PROFESSIONAL DEVELOPMENT PORTAL  
54% Heard of 27% Used



DIRECTORS TOOLS (ON WEBSITE)  
53% Heard of 26% Used



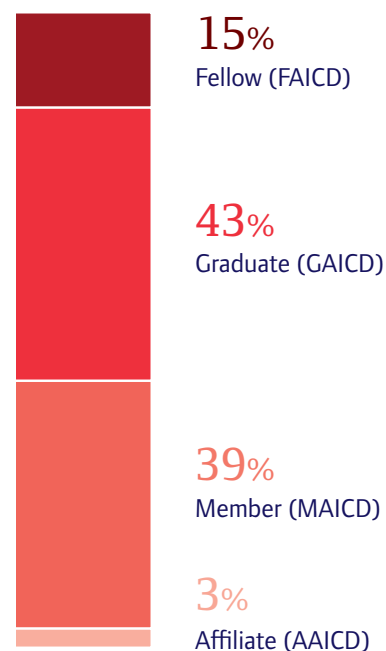
COMPLIMENTARY WEBINARS FOR MEMBERS ONLY  
46% Heard of 16% Used



BUSINESS CENTRE AND MEMBER LOUNGE  
45% Heard of 13% Used

Source: Member Satisfaction Survey 2014

## Directorship Opportunities subscribers by Grade (%)



Dr the Hon Brendan Nelson, Director, Australian War Memorial, made an address in Tasmania providing attendees with “the opportunity to reflect on the human dimension of leadership”.



## MEMBER PROFILE

### Dr Marlene Kanga AM FAICD

Dr Marlene Kanga is a Director of Sydney Water and iOmniscient, Acting Chair of Innovation Australia and Chair of Research and Development for the Incentives Committee for the Department of Industry and Science. A Fellow of AICD and a member for six years, Marlene has worked throughout her professional life to develop support systems for women interested in pursuing a director career. She is passionate about building networks for women in leadership and has mentored many aspiring female leaders – encouraging them to invest in their education, build their expertise, as well as attend events designed to develop their networks and profile.

As a graduate of the *Company Directors Course* and a participant in AICD's *Chair's Mentoring Program*, Marlene believes that continual learning drives excellence in governance. She regularly utilises AICD's professional development opportunities to develop and refine her skillset. This includes recently participating in various networking events, *Leadership in the Boardroom* and other courses, webinars such as *Implementing information technology* and the annual *Essential Director Update*. Her underlying principle is to drive for competence, collegiality and confidence.

A chemical engineer by background, Marlene has extensive experience in the oil, gas and chemical industries with respect to risk and safety engineering. She holds a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology, Mumbai, a Master of Science in Chemical Engineering at the University of London and a doctorate in business administration from Macquarie University.

Marlene names her term as Chair of the National Council of Engineers Australia in 2013 as a significant career achievement – being only the second female in its 96-year history to hold this position. In this role, Marlene developed a view that directorship is about using strategic and governance skills to make a difference to an organisation and what it represents. Accordingly, she embarked on a strategic change agenda to ensure Engineers Australia maintained a contemporary outlook that was inclusive and relevant to customers and stakeholders. Similarly, leading Innovation Australia is an opportunity for leadership of a nationally coherent strategy for innovation, economic growth and greater productivity in Australia.

In 2014, Marlene was made a Member of the Order of Australia for her significant service to engineering, particularly through leadership roles in professional organisations, and as a role model.

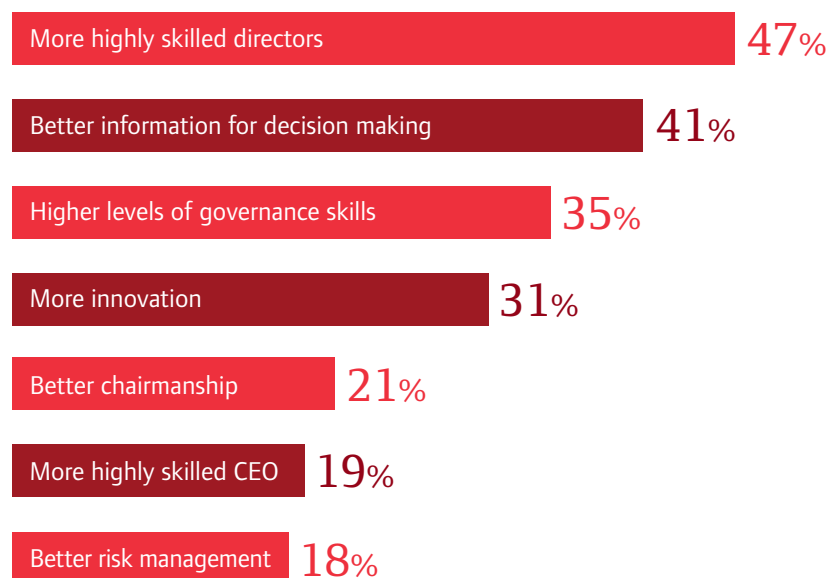
# Advocacy

Our advocacy team works to improve the quality of governance regulation, and encourage debate and engagement on policy issues of concern to directors.

## NOT-FOR-PROFIT (NFP) INITIATIVES

- Released the *2014 NFP Governance and Performance Study*. Following the launch of the Study, we also hosted a series of events focused on three major themes: performance indicators for measuring against mission; financial sustainability leading to mergers and collaboration and board succession planning.
- Hosted an event with the Hon Martin Foley MP, Minister for Housing, Disability and Ageing and Minister for Mental Health (Victorian Government) to discuss challenges in healthcare, including the roll-out of the National Disability Insurance Scheme (NDIS).
- John Brogden, in his capacity as Chair of Lifeline, Furlough House Retirement Village and the Broken Bay Institute spoke of his real-life experiences of challenges facing directors at the AICD 2015 NFP Forum.
- Partnered with the Observership Program to place talented young professionals on NFP boards for a year as observers, helping to build a future pipeline of NFP directors.

## Governance changes that would most improve NFP board performance



Source: 2014 NFP Governance and Performance Study. n=2,089 non-executive directors

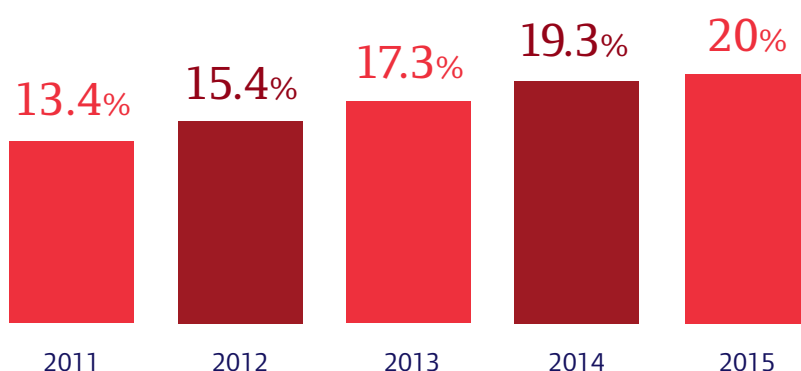


Patricia Cross FAICD  
Founder of 30% Club  
Australian Chapter

## GENDER DIVERSITY INITIATIVES

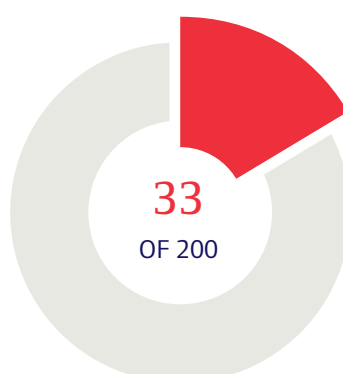
- 140 scholarships awarded in partnership with the Australian Government
- Awarded 34 scholarships to Victorian Women in a joint initiative with the Victorian Government
- Opened applications for the fourth *Chair's Mentoring Program* (55 mentors from S&P/ASX 200 boards)
- Tracked appointments to S&P/ASX 200 boards and published monthly updates on female appointments and gender representation
- Executive for the 30% Club Australian Chapter

## Percentage of Female Directorships on S&P/ASX 200 Boards



Source: Australian Institute of Company Directors' research

## Number of S&P/ASX 200 boards with 30% Female Representation



Thirty-three S&P/ASX 200 boards have reached the 30% target

Source: Australian Institute of Company Directors' research

## FACILITATING DEBATE

Our proposal to introduce an honest and reasonable director defence promoted debate on the case for reform and re-ignited discussion about an extension to the statutory business judgment rule. The AICD encourages strong yet responsible corporate performance and strives to support directors who carry out their roles with integrity and commitment.

## SAFE HARBOUR FOR DIRECTORS

In its draft report, *Business Set-up, Transfer and Closure*, the Productivity Commission recommended that the *Corporations Act 2001* (Cth) be amended to include provision for a ‘safe harbour’ to allow companies and their directors to explore restructuring options without liability for insolvent trading.

*“... safe harbour should not be seen as a ‘free pass’ for directors to wash their hands of any liability ... it should be used only as an opportunity to pause when financial difficulty appears imminent and seek external advice to ensure that directors are informed of the options for continuing the company’s existence.”*

**Productivity Commission**

**“The critical issues raised ... in the law reform proposals ... provides compelling reasons for a closer look on the necessity, nature and scope of any reform in the area of protection against director liabilities for breach of duties.”**

**A/Professor Anil Hargovan and Professor Jean du Plessis<sup>1</sup>**

## AICD POLICY TOPICS AND ADVOCACY ACTIVITIES

- Financial System Inquiry
- Auditor responsibilities
- ASX Listing Rules
- 100-member rule
- Tax arrangements for not-for-profit organisations
- Financial Statements
- Taxation of employee share schemes
- Remuneration disclosures
- Proposed abolition of the Corporations and Markets Advisory Committee (CAMAC)
- Internal Audit and Risk Management Policy in the NSW Public Sector
- Integrated Reporting
- Collective action by investors
- International Accounting Standards
- Insolvency
- Director liability
- Class actions and litigation funding
- Shareholder engagement and proxy advisers
- Australian Law Reform Commission (ALRC) Traditional Rights & Freedoms inquiry

<sup>1</sup> *Re-assessment of the Statutory Business Judgment Rule in Australia – The Case for Law Reform, Corporate Law Teachers Association – Briefing Parliamentary Joint Committee on Corporations and Finance Services, Canberra (October 2014)*



## IN THE MEDIA

We engage regularly with the mainstream media to strengthen our positioning as a respected player in public policy debates. Shortly after joining the AICD as MD & CEO, John Brogden was profiled in *The Deal*, business magazine of *The Australian*. In the profile piece, John outlined his vision for the AICD to become a much more prominent voice in the national and economic policy debate.

*'John Brogden joins the AICD, completing a successful transition from politics to business'*

**The Deal**

20 March 2015



958

Media mentions

(2014: 770)

*"... we are speaking out on behalf of directors. There will be a difference of views [among members], but in those critical policy areas there should be no lack of willingness ... to participate in important policy debates."*

**John Brogden AM FAICD**

## More woman directors makes good economic sense



**John Brogden**

**T**he case for increasing the representation of women on Australian boards is overwhelming. It is not only the right thing to do but the smart thing to do, in terms of improving business performance.

And now the director community is setting itself a new and ambitious standard to help achieve that goal. This week the Australian Institute of Company Directors has announced a major step forward in efforts to increase the number of women on boards by setting a target of 30 per cent for female directors. For ASX 200 companies, the goal of having at least 30 per cent women is to be reached within the next four years.

market performance. Catalyst research showed that US *Fortune* 500 companies with more women on their boards tended to be more profitable.

Research also suggests that the presence of three women, or 30 per cent of a typical 10-member board, is the proportion of representation where "critical mass" is reached in a group setting. It is at this level where the voices of the minority group become heard rather than being simply represented and where, therefore, this increased capacity for diversity to deliver value begins to be optimised.

Our 30 per cent target will apply to all company structures, as the AICD has a broad membership of more than 35,000 that extends well beyond the top listed companies to small ASX entities, private business and not-for-profit organisations.

The new objective is a significant

cent target is a better approach than a mandated quota imposed by government. We have always said companies should set their own measurable targets for gender diversity and we are now nominating a minimum standard we consider appropriate. The AICD will urge all boards to adopt the new target.

The director community is aiming for a higher standard that will better achieve the goal of greater diversity on our boards.

John Brogden is managing director and chief executive of the Australian Institute of Company Directors.

*'We are among the first major Australian organisations representing business to set such a target and the landmark policy is part of our long-running campaign to improve gender diversity in local boardrooms.'*

An extract from *The Sydney Morning Herald*, 10 April 2015



## GOVERNANCE LEADERSHIP CENTRE (GLC)

The AICD launched a new think tank, in late 2014. The aim of the Centre is to encourage 'over-the-horizon' thinking and encourage leaders to drive organisational performance that contributes to economic growth and social benefit.

We published a commissioned study into the link between good governance and performance. The website also features video and written interviews with leading directors and thinkers such as Baroness Susan Greenfield and Dr David Cooperrider. New content is published on the Centre each month. [companydirectors.com.au/glc](http://companydirectors.com.au/glc)

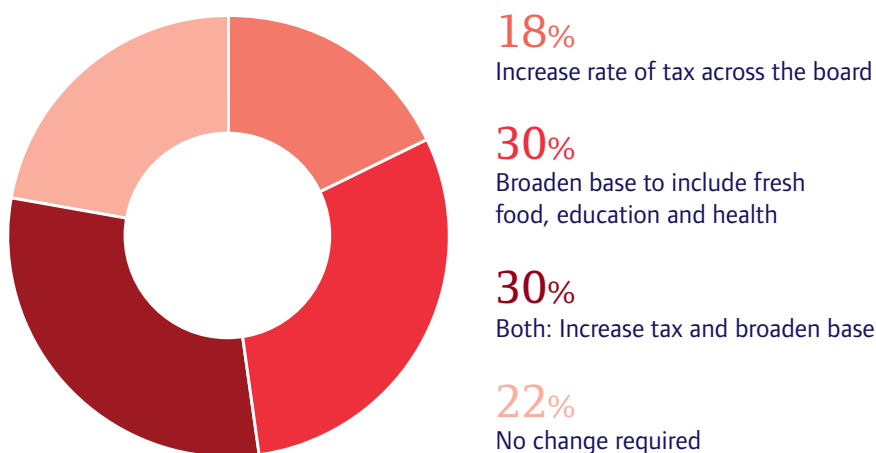
## FEDERAL BUDGET ANALYSIS

The AICD attended the Federal Budget lockup for the first time in 2015. We alerted members to the key measures and implications for directors and business as the Federal Treasurer, Joe Hockey MP, delivered his Budget Address.

## DIRECTOR SENTIMENT INDEX

The *Director Sentiment Index* is now in its fifth year. The views expressed in it generate significant media commentary.

### Recommended changes to the GST system



Source: *Director Sentiment Index* – research findings first half 2015, n=540

# Financial Sustainability

Solidifying our financial model to fund long-term development and the achievement of our business objectives are one of our four strategic aspirations. Our commitment to financial sustainability is designed to drive long-term financial security.

**\$0.2M**

Net result

**\$2.6M**

Funding applied to strategic initiatives

**\$5.6M**

Capital expenditure

**2**

New Business Centres and Member Lounges

We have done this by taking an 'invest to deliver' approach as we continue to embed:

- A culture that challenges and inspires our people to high performance
- Better decision-making and business performance
- Optimal resource utilisation
- Broader partnerships with key stakeholders and business
- Productivity improvements
- Greater relevance and engagement with our members and clients
- Continuous improvement in governance processes

In FY15, our revenue increased \$4.4 million to \$60.8 million. Our net result, before restructuring costs of \$2.7 million, was a surplus of \$2.9 million, compared to \$3.3 million in FY14.

We invested \$2.6 million in strategic initiatives and \$5.6 million in capital expenditure, principally for the development of two new Business Centres and Member Lounges along with the refurbishment of the AICD's Perth and Melbourne offices.

The net investment result for the year was \$3.1 million (up from \$2.7 million in FY14).



Level 30, 20 Bond Street

Sydney NSW 2000

**t:** 1300 739 119

**w:** [companydirectors.com.au](http://companydirectors.com.au)