

AUSTRALIAN INSTITUTE  
of COMPANY DIRECTORS

# Australian Institute of Company Directors

*2017 Annual Review*



The Australian Institute of  
Company Directors® (AICD®)  
produces this Review to provide  
our members and the wider  
community with an overview of  
the organisation's performance  
against our key strategic objectives  
for the year ended 30 June 2017.

Our audited financial statements are published in our Financial Report for the year ended 30 June 2017. 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. Reference 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 role is to provide leadership on director issues and promote excellence in governance by:

- **Engaging with our members and clients to increase satisfaction and foster loyalty.** We offer professional services, education and resources to help our members and clients access, adopt and benefit from governance knowledge.
- **Influencing the creation of leading governance principles, practices and laws.** We are the voice of governance and directorship in Australia.
- **Providing leading governance education.** We support life-long learning and development for directors and the governance community.
- **Being financially sustainable.** We maintain a sustainable financial position that funds our long term development and our strategic objectives.

# Chairman's Report

On behalf of the board, I am pleased to present this review of the performance of the Australian Institute of Company Directors (AICD).

**In 2017, the AICD continued to grow, cementing our position as the largest director institute in the world and the voice for directorship and governance in Australia.**

Of particular note this year, we:

- Established a new partnership with CSIRO's Data61 which seeks to expand directors' literacy of cyber governance.
- Enhanced our range of member benefits through new and improved facilities at our Business Centre and Member Lounges and a revitalisation of *Company Director*® magazine.
- Continued to expand our advocacy agenda with the release of our second *Governance of the Nation: A Blueprint for Growth*. Our work on policy issues including insolvency reform, integrated reporting and whistleblowing frameworks achieved significant outcomes. We have also maintained a strong focus on the target to achieve 30 per cent women on ASX 200 boards.
- Consolidated and transformed our Advisory business.
- Surpassed a milestone of 40,000 members, with greater representation across the four sectors of public, private, listed and not-for-profit (NFP).
- Provided professional education to over 9,000 people, including more than 4,000 who completed our flagship *Company Directors Course*™.
- Optimised our international strategy which aims to increase engagement in the priority markets of Singapore, Hong Kong, the United Arab Emirates (UAE) and Fiji.



The AICD aims to support all our members throughout their career whether that be in directorship, reporting to a board, or wishing to enhance their knowledge of governance. That cannot happen effectively without the work and support of our network of directors and governance leaders who volunteer their time to the AICD.

To that end, I would like to thank my colleagues on the board and, in particular, Deputy Chair Gene Tilbrook, Division Councillors, committee members and faculty, members and staff for their commitment to AICD. I would like to acknowledge the service of John Brogden AM FAICD as MD & CEO and to thank Rachel Gatehouse MAICD, who acted as CEO for much of 2017.

It is a great honour to serve as Chairman of this organisation and to work with you and our wider community of members and clients to advance the practice of governance in Australia and around the world.



Elizabeth Proust AO FAICD  
Chairman

“We continued to expand our advocacy agenda with the release of our second *Governance of the Nation: A Blueprint for Growth*. Our work on policy issues including insolvency reform, integrated reporting and whistleblowing frameworks achieved significant outcomes.”



# Acting CEO's Report

In 2017, the AICD achieved a number of important milestones, enhancing our reputation as a world-leading provider of governance education and knowledge by directors, for directors.

**Our achievements include reaching more than 41,000 members, attracting more than 1,000 attendees to the second annual Australian Governance Summit, and more than 6,000 attendees to the annual Essential Director Update – a complimentary event for members.**

This year we saw significant forward steps advancing our policy agenda on heartland governance issues, such as the reform of Australia's insolvency laws. The AICD has long argued for reform of this regime, and the recent parliamentary enactment of 'safe harbour' protections, enabling directors to take common-sense steps to rehabilitate distressed businesses prior to formal insolvency, is reflective of this work, both in 2017 and prior.

Our services to members were expanded in 2017 with new Business Centre and Member Lounges opened in Hobart and Brisbane, in addition to those already operating in Sydney, Melbourne, Adelaide and Perth. The Business Centre and Member Lounges offer our members a place to work and connect with each other, and represent our commitment to deliver value to our members.

In 2017, our Advisory services – board reviews and consulting, and customised in-house education – grew strongly.

We have now delivered more than 54 reviews using our proprietary Governance Analysis Tool™, and 435 programs to board and executive teams.

We achieved 7.5 per cent growth in revenue and increased reserves by \$1.1m.

Looking to the future, we are committed to creating a leading corporate culture, with engaged staff, efficient process and smart technology that will deliver high quality member and client experiences. We are also investing in the re-launched magazine that will deliver more relevant and engaging content than ever before.

I would like to thank the board of the AICD for the opportunity to serve as acting CEO. I would also like to welcome incoming MD & CEO, Angus Armour FAICD.



**Rachel Gatehouse MAICD**  
CEO (acting), CFO and General  
Manager, Corporate Services



# Our strategic aspirations



## EDUCATION

As a leading governance education provider, we are committed to enriching the practice of directorship and building the capability and performance of organisations, directors and executives. Our programs are delivered by experienced directors and facilitators to engage with our members on the contemporary issues in governance and directorship.

## MEMBERSHIP

With more than 41,000 members, we are the largest director institute in the world. We enable our members to access, adopt and benefit from leading insights and advice. Membership with us represents a commitment to excellence in governance, and is a powerful investment in professional development.



## ADVOCACY

We advocate on behalf of our members to governments, regulators and the media. We aim to positively impact society and the economy through improving governance standards, practices and regulations to maximise the benefits of good governance for organisations and their stakeholders.

## ADVISORY

We provide high-quality board advisory services and in-house bespoke governance education and development solutions. We are committed to assisting the Governing Team to improve performance through the adoption of tailored governance solutions.



## INTERNATIONAL

We are internationally recognised as a trusted provider of governance education with a focus on raising global governance standards. We help deliver an international education curriculum that delivers practical and relevant solutions for those governing internationally and across jurisdictions.

# Our work

Our courses, events and range of member benefits have been designed to support life-long governance learning and director development. We host a connected community of members and clients both in Australia and around the world.

“As members, AICD has given us much over the years and we believe it is now our turn to give back and contribute – both to the AICD and more broadly for Australia's governance community.”

**Frank Cooper AO FAICD**

Frank serves as President of the WA Division Council and on the board of Woodside Petroleum Limited, South32 Limited and The University of Western Australia.



“I hope to bring the voices of the next generation of Papua New Guineans to the table and enhance my leadership skills through exposure to world class governance training.”

**Serena Sasingian Sumanop**

Serena is completing tailored education through a joint program developed with her employer, Oil Search, and AICD, which sets out to develop Oil Search's directors of the future.



“Completing the *Company Directors Course* and participating in the *Chair's Mentoring Program* was pivotal to my recent appointments to the boards of Autosports Group and Energy Australia.”

**Marina Go MAICD**

Marina was a participant in AICD's 2015 Chair's Mentoring Program and her mentor was Graham Bradley AM FAICD.







2017 AUSTRALIAN GOVERNANCE SUMMIT



PARTICIPANTS AT THE COMPANY DIRECTORS COURSE



BUSINESS CENTRE AND MEMBER LOUNGE MELBOURNE



MEMBERS GATHER FOR THE ANNUAL ROTTNEST FORUM



NETWORKING AT THE AUSTRALIAN GOVERNANCE SUMMIT

# Year in review

As an organisation, we pride ourselves in being diverse, world-leading, professional, and influential.

The Australian Institute of Company Directors continues to grow and we now have over 41,000 members.

While the number of members is significant, it is the diversity of our membership that strengthens our ability to deliver on our mission to achieve excellence through governance education, director development and advocacy.

Our international reach, combined with our bases across Australia, allows us to connect with a range of regional and metropolitan director communities. It is our diverse community that broadens our perspective and shapes our operations.

## Key highlights

1,000

Australian Governance Summit attendees

6,000

2016 Essential Director Update attendees

4,300

undertook our *Company Directors Course*

5,000

took part in our other education offerings

435

programs delivered to board and executive teams

73

Governance Analysis Tool engagements



1975

Our first ever *Company Directors Course* is delivered.



1986

The first edition of the *Company Director* magazine is published.



1990

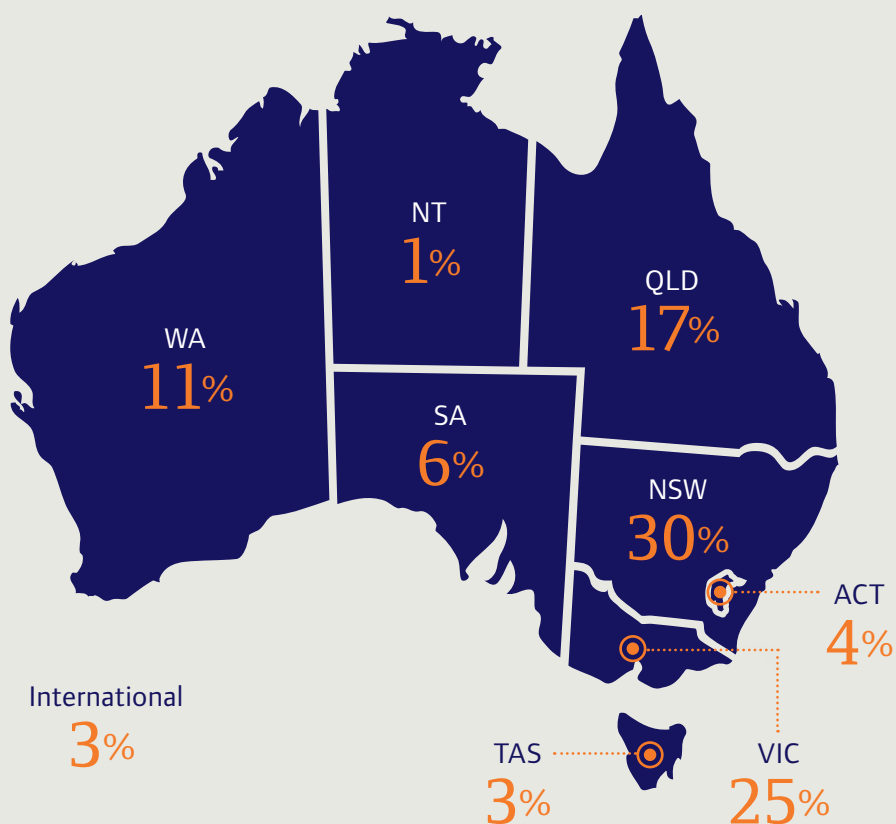
IoD Australia and the Company Directors' Association of Australia amalgamate. AICD formed.



1997

Our Company Directors Conference is held for the first time.

## Where are our members located?

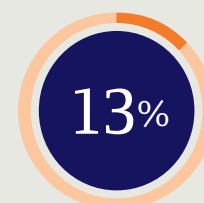


Total followers  
**8,400+**

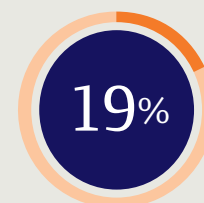


Total followers  
**26,000+**

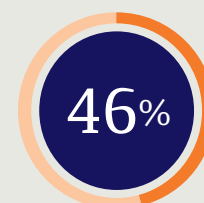
## Members by sector



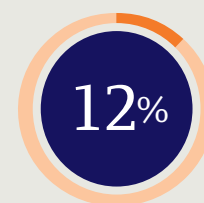
ASX



NFP



Private



Public

10% undeclared



2001

Elizabeth Alexander is appointed as AICD's first female Chairman.



2009

First Foundations of Directorship program is run.



2012

The first Business Centre and Member Lounge is opened in Sydney.



2017

Advisory Business Unit is launched. The AICD reaches 41,000 members.



# On the horizon

Looking ahead to FY18, the AICD is investing in a range of benefits and enhancements to improve the offering to our members and clients.

## Member and client centricity

In 2017, the AICD established a strategic project portfolio designed to lift the member and client experience and ensure we remain contemporary with our services and solutions. The portfolio spans across seven core themes.

- Behavioural communications: Ensure members only receive information they want based on their preferences and interests.
- Sales to delivery: Direct members and clients to the right solutions and deliver excellence.
- Transacting: Make it easier for members and clients to transact through automation and reduction in manual forms.
- Life-long learning: Helping members and clients to design their learning pathway based on their experience and aspirations.
- Influence and credibility: Engaging members as we lead the debates in governance and inspire with new insights.
- Content hub: Support our members and clients with current and relevant information.
- Human capital: Invest in the development and capability of our people to ensure we meet the needs of our members and clients.

## A place to do business

A Business Centre and Member Lounge for our ACT members and visitors will open in December 2017 located at our new office in Barton. Access to the lounge is a complimentary benefit for members. This means we will now have a Business Centre and Member Lounge in every state around Australia.

In 2018, the lease for our National office in Sydney expires and we will be moving just around the corner. The new premises will include more space for our members to connect in the lounge and modern training facilities for our course participants.



## MEMBER PROFILE

## David Thodey

AO FAICD

Member since 1999

Evolution of *Company Director* magazine

Members consistently rank our *Company Director* magazine as one of the primary benefits of membership with us (Haymakr Tracker 2016). To ensure it remains a contemporary reflection on the governance landscape, we are introducing a revitalised look and feel, as well as fresh editorial, columns and features, and have enhanced our use of digital channels such as video and social media.

## Cyber for directors

AICD is piloting a new course to help boards better understand the key terms and concepts of the cyber landscape, and their responsibilities in managing cyber risks and opportunities.

The program has been designed in partnership with CSIRO's Data61 – the Federal Government's data innovation group.

## Expanding our international reach

The International Division will continue to serve our members in the region through:

- Increasing the number of education courses.
- Increasing membership value.
- Strengthening governance diplomacy.

## An improved online experience

We are working to continually improve the user experience of our website.

Key features that are being introduced include:

- A revitalised member dashboard so that members can quickly access the services they most commonly use.
- Improvements to the online purchasing experience for courses and events.
- A new look and feel for our online bookstore which showcases titles and authors across a range of governance and directorship topics.

David Thodey is a passionate technologist who was CEO at both IBM and Telstra before moving to his current role as Chair of the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

Throughout his career, Thodey has had to stay abreast of technological changes and how they affect his organisation, and this certainly still applies to his role as Chair of CSIRO.

At CSIRO, his first ambition has been to maintain its standing as one of the preeminent government-funded research institutions in the world. This will equip it to partner with industry and other research organisations on issues such as climate change and water management.

These objectives are playing out against a backdrop of significant budget cuts which CSIRO has suffered over past years.

This is one of its biggest challenges, says Thodey. "You have to keep investing in the core of what you do...we need to make sure that we are outcomes-driven so that people can see the value that we create," he says.

Directors shouldn't be afraid of the word 'innovation', Thodey says, describing it as nothing more than finding a new way of doing things, such as building a product or transforming a process. "Don't get caught up in the hype. This is real and just part of life and running a business."

The CSIRO's Data61 is partnering with the AICD and its new program designed to improve the cyber literacy of directors.

# Board profile

"It is a great honour to serve as Chairman of this organisation and to work with you and our wider community of members and clients to advance the practice of governance in Australia and around the world."

– Elizabeth Proust AO FAICD

## Elizabeth Proust AO FAICD

### CHAIRMAN

- Nominations Committee – Chair
- Strategy Committee – Member
- National Director



## Gene Tilbrook FAICD

### DEPUTY CHAIR

- Strategy Committee – Chair
- Investment Committee – Member
- Nominations Committee – Member
- WA Division Director



## E/Prof Tracey Horton FAICD

- Human Resources & Remuneration Committee – Member
- National Director



## Dr Sally Pitkin FAICD

- Nominations Committee – Member
- Strategy Committee – Member
- QLD Division Director



## Rod Roberts FAICD

- Investment Committee – Chair
- Audit, Risk & Compliance Committee – Member
- TAS Division Director





### David Bayes FAICD

- Human Resources & Remuneration Committee – Chair
- Audit, Risk & Compliance Committee – Member
- Membership Committee – Chair
- VIC Division Director



### Michael Coleman FAICD

- Audit, Risk & Compliance Committee – Chair
- Membership Committee – Member
- NSW Division Director



### Kathy Gramp FAICD

- Audit, Risk & Compliance Committee – Member
- SA/NT Division Director



### Nicola Wakefield Evans FAICD

- Investment Committee – Member
- National Director



### Liesel Wett FAICD

- Human Resources & Remuneration Committee – Member
- ACT Division Director



### Kee Wong FAICD

- Strategy Committee – Member
- Membership Committee – Member
- National Director



# Our governance

Governance of the Australian Institute of Company Directors is founded on the AICD's Constitution, By-laws and Charters.

## Our Board

The AICD is a membership organisation comprising seven divisions, with each division having a Division Council which acts as an advisory body. A member of each Division Council is appointed to the board.

In addition, the board has four National Directors and the CEO who is appointed Managing Director by the board ("MD & CEO").

National Directors and Division Directors must be members of the AICD and do not receive any remuneration for their services to the AICD.

## Our Division Councils

There are seven Division Councils. Each Division Council has between five and ten Councillors. Each Council elects a President.

The Division Councils are advisory in nature and do not receive any remuneration for their services to the AICD.

Each Division has Regional Committees which are our connection with regional communities and members.

**See our full Corporate Governance Statement at [companydirectors.com.au/about](http://companydirectors.com.au/about)**

## Board Composition

**7 Directors  
from Division  
Councils**

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**Between 2  
and 4 National  
Directors**

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**MD & CEO**

# Executive profile



**Rachel Gatehouse MAICD**

CEO (acting), CFO and  
General Manager, Corporate Services



**Marcel Mol MAICD**

General Manager,  
Education and International



**Louise Petschler MAICD**

General Manager,  
Advocacy



**Bodo Mann GAICD**

Group Executive,  
Advisory



**Michelle Wood MAICD**

General Manager,  
Marketing and Communications



**David Lumb MAICD**

General Manager,  
Members and Directors

"It has been a great pleasure to lead AICD through a milestone year and I acknowledge each member of the executive team for their significant contribution to our organisation."

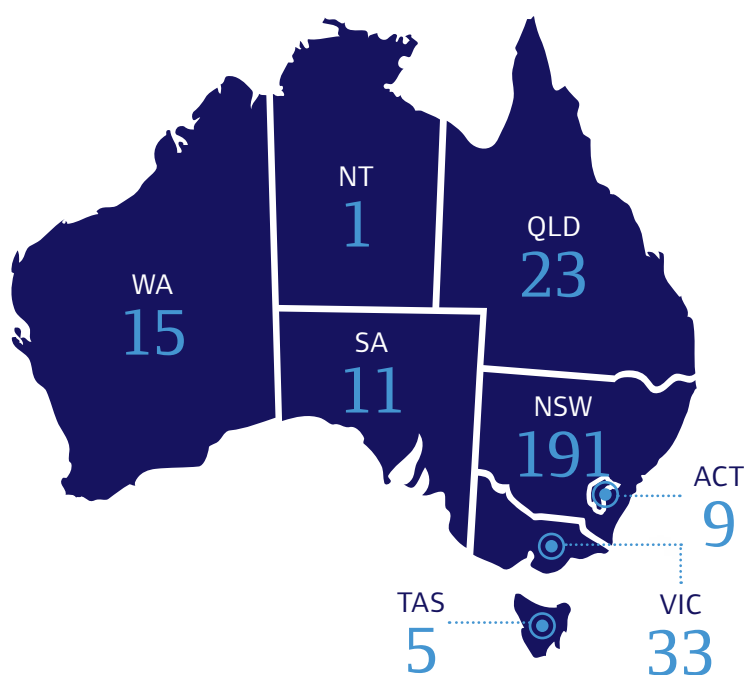
– Rachel Gatehouse MAICD



# Creating value through our people

The AICD has a competent and dedicated team, located in every state and territory, with the collective mission of promoting excellence in governance. The AICD's people are among its most valuable assets and as an organisation the AICD is committed to creating a diverse and supportive workplace where all employees can thrive.

## Staff locations



## Gender



## MEMBER PROFILE

## Maxine Horne MAICD

*Member since 2015*

## Taking the leap

Maxine Horne MAICD has transformed her career from co-founder of mobile phone retailer Fone Zone in 1995, to CEO of ASX-listed Vita Group, a consultative sales organisation which operates more than 130 retail and business outlets across the country. Maxine is a passionate advocate for diversity and is driven by continuous professional and personal development.

In the mid-nineties, Maxine and her then husband opened Fone Zone, a mobile phone retailer on the Gold Coast after noticing that Australians could not buy mobile phones in shopping centres. Over the next 20 years, the business went through a transition of diversification and expansion, culminating in the company listing in 2005. Today, Vita Group is made up of 104 Telstra-branded retail stores, 21 Telstra Business Centres, two SQDATHletica stores and six Clear Complexions clinics. It also operates a mobile accessories division called Sprout and enterprise information and communications technology brand Vita Enterprise Solutions.

Upon listing, Horne made the move to establish a formal governance structure for the company, including establishing a board and finding a Chair. This transition proved challenging for Horne in its early stages. She had spent 15 years being the 'kingpin' and all of a sudden, was accountable and answerable to someone else.

"I used to take the board challenging and questioning what we [management] were doing as being critical, and it wasn't until three or four years later and having a very good Chair as my mentor that I fully understood that while I am embedded in the business full-time, a company director only sees it once a month," she explains.

"The board's responsibility is to make sure that you are doing the right thing by the shareholders. Once that sunk in, I found it much easier to deal with a board and now I don't know what I'd do without them."

Diversity and workplace inclusivity and flexibility form an important part of Vita Group's values and are personal passions of Horne's. While there is no 'silver bullet' to creating successful, flexible workplaces, she believes that technology has been a great enabler in creating flexible working arrangements geared at work/life balance. "We make it very clear that family comes first," Horne says.

*"It is critically important to surround yourself with capable people who believe in your purpose. You want them to understand their role and their part to play in that purpose, and to take on the ownership of the business as much as you do"*

Aligning an organisation's people to its purpose and values to create a positive culture is a key lesson Horne has taken away from her successful career and is something that she continues to foster at Vita Group.

"It is critically important to surround yourself with capable people who believe in your purpose. You want them to understand their role and their part to play in that purpose, and to take on the ownership of the business as much as you do," she says.

"We also make sure the organisation has a culture of team and individual development. The more capable and talented people we have, the better organisation we have."

# Members and Directors

Our membership continues to strengthen through growth in member numbers as well as sector and gender diversity.

## Total membership over time

Membership has consistently grown over the last five years, with membership growth in 2017 of 5.5 per cent.

## Member grades

The increase in participants of the *Company Directors Course* in 2017 led to an increase in the number of Graduate members (GAICD®). Graduates now make up 38.9 per cent of our membership.

## Geographical member distribution

The ACT division saw the biggest proportional growth in members this year.

## Gender diversity

Gender diversity continues to improve, with the number of female members increasing one per cent from last year to reach 31 per cent in 2017.

## Sector

Sector diversity has shifted with a decreasing proportion of members from the private sector, which has contracted by 2.2 per cent since last year. Our NFP and public sector members each grew 1.8 per cent.

## Member tenure

The average tenure of membership is 7.1 years, a slight increase on last year.

## Net Promoter Score (NPS)

NPS – our measure of member and client satisfaction – has increased during the year across all measures compared with the previous years.

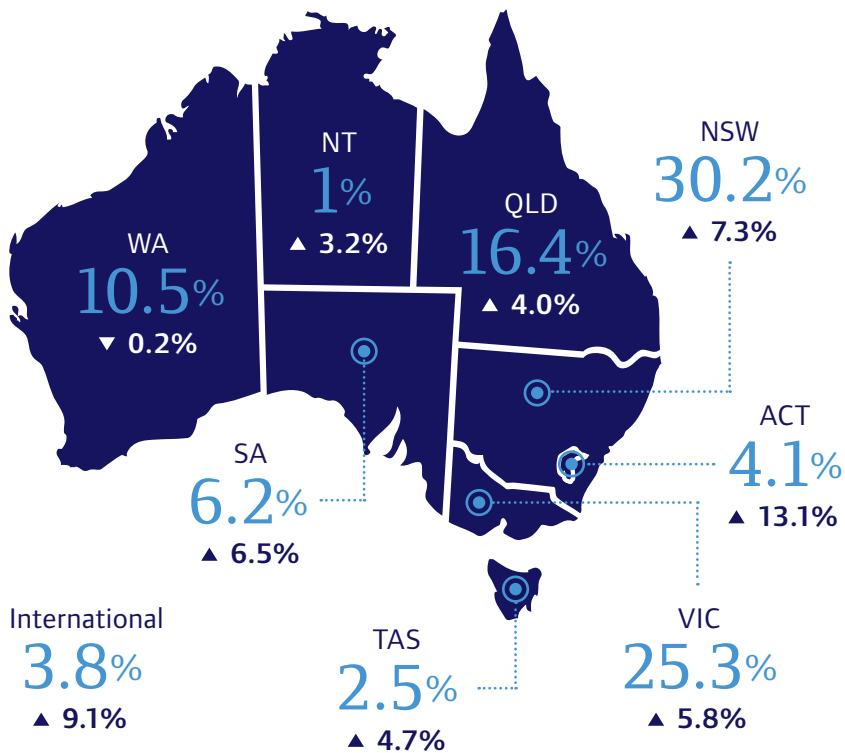
## Business Centre and Member Lounges

There were more than 13,500 visits to our exclusive and complimentary lounges in NSW, QLD, SA, TAS, VIC and WA during 2017.

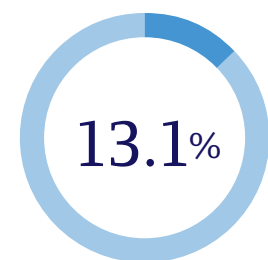
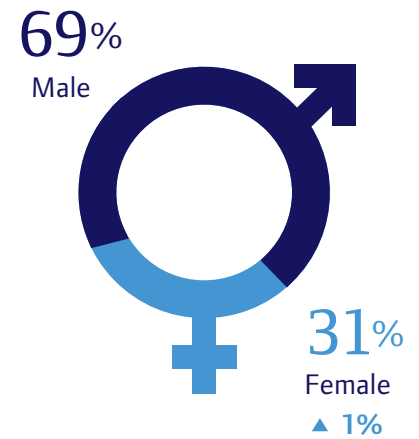


## Geographical member distribution

▲ Divisional proportional growth compared to 2016



## Gender diversity



ACT – highest divisional proportional growth in members

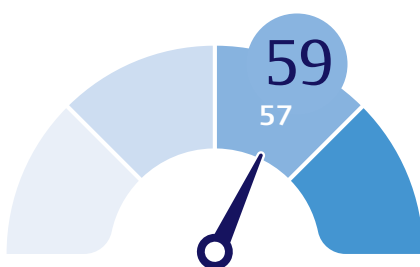
## Membership



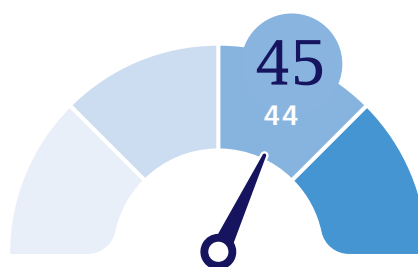
## Net Promoter Score (NPS)

□ 2016

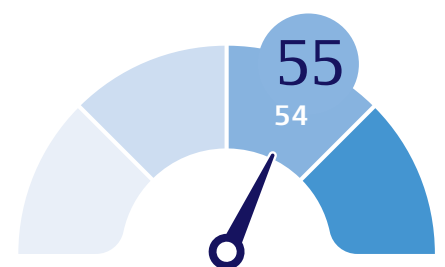
■ 2017



AICD overall

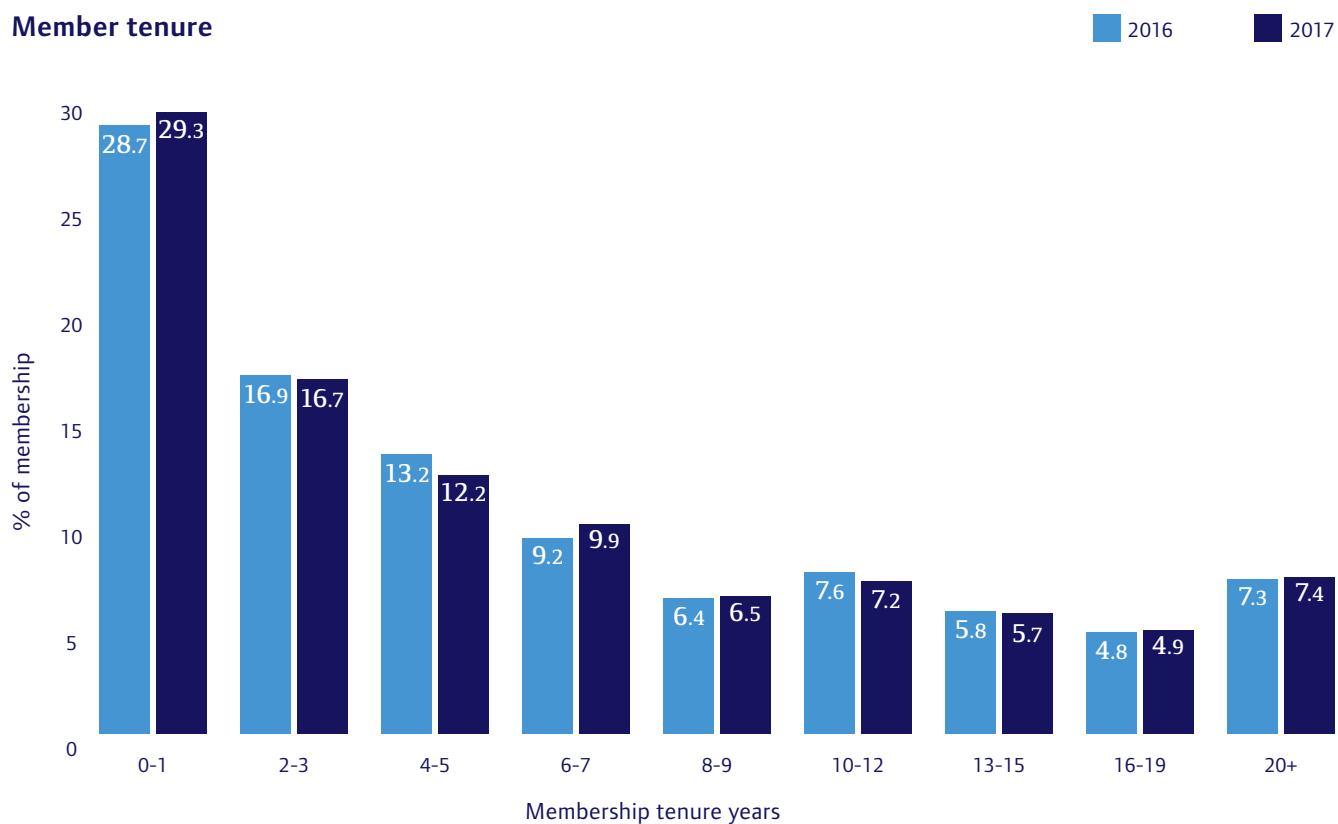


Events

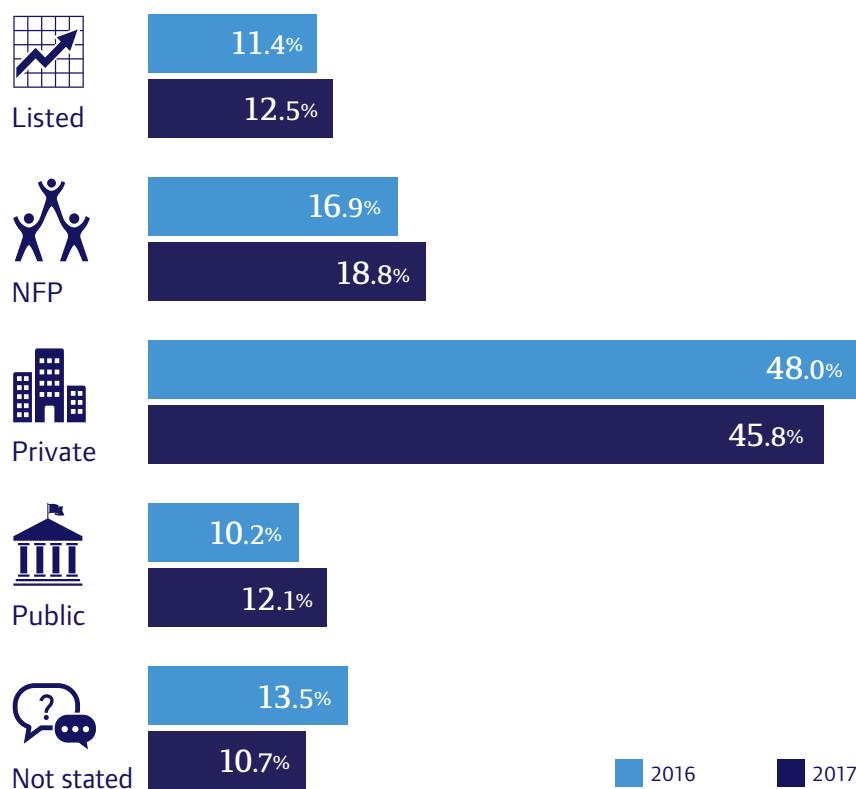


Public courses

## Member tenure

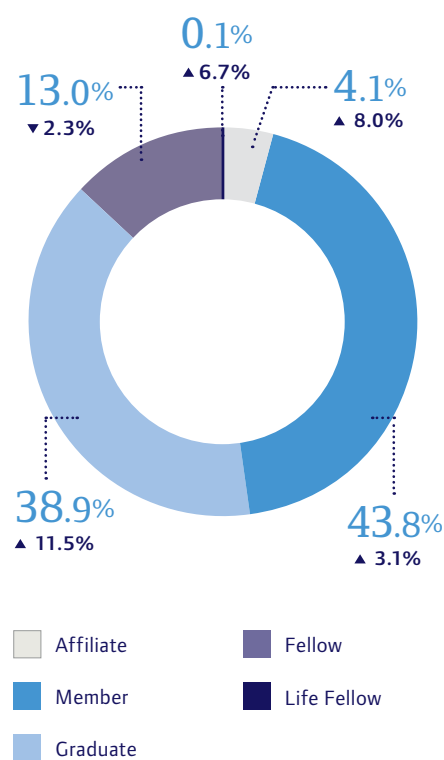


## Sector diversity



## Member grades

▲ Per cent change from 2016



## MEMBER PROFILE

## Vicki O'Halloran AM FAICD

*Member since 1999*

## Ready, willing and able

Vicki O'Halloran is a long-term guardian of NFP governance in the Northern Territory, and was recently named the new Administrator of the Northern Territory.

This year marks a milestone for Vicki O'Halloran: 20 years as CEO of Somerville Community Services, an organisation that provides a range of services, from disability to financial, to the local community.

She is also the chair of National Disability Services Northern Territory, has board roles with the Northern Territory Government Ministerial Advisory Council on Disability Reform, the National Disability Services, and the Northern Territory Council of Social Services.

Over the years, O'Halloran says she's found the most important issue for NFPs is to always be on top of good governance and that is why she values her AICD membership.

"It's easy to fall into the trap of thinking you have it all covered," she adds.

"Good governance is keeping ahead of what is the best way to provide effective, strategic leadership that is united and focused. This can only be done by understanding the strategic directions and mission of the organisation and making decisions based on integrity."

"It's a lengthy process and to date we have had robust relationships across our services, which have strengthened and enabled us to have sustainable growth to deliver quality services. We need to ensure we build those relationships with NDIS and combine some of the old world aspects and work with new world opportunity."

O'Halloran has come a long way from her beginnings in the early childhood sector. O'Halloran grew up in a small town on Tasmania's northwest coast. After leaving school, she completed a Diploma in Early Childhood, before working in the education department and becoming the director of several childcare centres.

Her move to Darwin was prompted by family; one of her brothers and her parents had moved there a few years earlier. On arrival in Darwin, O'Halloran took on an administrative role while completing her bachelor of education in children's services. In 1993, she applied for a job as a manager for a childcare division at Somerville.

O'Halloran has contributed to the campaign to bring about the National Disability Insurance Scheme (NDIS), onto which Somerville is currently transitioning.

"It's a lengthy process and to date we have had robust relationships across our services, which have strengthened and enabled us to have sustainable growth to deliver quality services. We need to ensure we build those relationships with NDIS and combine some of the old world aspects and work with new world opportunity."

# Education

Our contemporary curriculum is developed by directors, for directors. We strive to be topical and relevant and are constantly revising and evolving our education offerings to reflect trends in governance and directorship.

## An evolving curriculum

In 2017, the AICD continued to expand its selection of one-day governance electives for graduates of the *Company Directors Course*. *The Board's Role in Maintaining Solvency* and *The Board's Role in Crisis Management* were added to the curriculum. The latter is delivered in partnership with the New South Wales Police Force, utilising their world-class Crisis Management Centre based at Parramatta.

Through its partnership with CSIRO's Data61, the AICD formally launched its *Cyber for Directors* curriculum. Initially focused on events, briefings and webinars, the offering will be expanded to include formal learning components that focus on cyber strategy and innovation, cyber risk and cyber governance.

## Our flagship program continues to grow

The *Company Directors Course* continues to be the premier governance course in Australia. This year, more than 200 *Company Directors Course* programs were offered and more than 4,300 people undertook the course. This includes the new weekend format delivered over five consecutive Saturdays. Learner satisfaction with both the course and the quality of the facilitation consistently exceeds 90 per cent and the course recorded a cumulative Net Promoter Score above 60 for the year.

## A thriving webinar program

Since 2015, the AICD's webinar program has more than doubled – both in terms of the number of webinars and the number of members who enrol in them. Webinars offer members the opportunity to engage with various governance topics: anywhere, at any time and on any device. This year, more than 13,000 members enrolled in an AICD webinar.

### Publications that promote new thinking

The AICD maintains a comprehensive catalogue of governance publications. The catalogue includes titles that focus on boardroom culture, the role of committees, the benefits of director diversity, and the risks and opportunities arising from digital disruption.

### Online portal to make learning easier

The AICD continues to invest in its world-leading learning management system, MyLearning, to assist members and clients extract maximum benefits from their learning experience. More than 22,000 members and clients hold an active MyLearning account through which they access the essential notes, videos, quizzes and cases studies for their courses.

### Best-in-class facilitators

The AICD remains fully committed to an education curriculum that is "created by directors, for directors, and about directorship". Central to that curriculum is the AICD's faculty of writers, assessors, facilitators and reviewers. To further strengthen the AICD's commitment to world-class education, four Faculty Advisers have been appointed as additional support and professional development resources for the AICD faculty. The faculty exceeds 150 and every member is a practising director, skilled in bringing their experience and practical insights into the content they create and the courses they deliver.



200+

Company Directors Courses delivered



60+

Net Promoter Score



90%

average satisfaction of Company Directors Course



150

practicing facilitators who are directors



22,000+

members have a MyLearning account



13,000

members enrolled in webinars

# International

Internationally, we help strengthen global governance through director education, member services, thought leadership events and governance diplomacy.

In April 2017, the board approved a new international strategy. Led by a new Head of International, the strategy aims to increase engagement in fewer but more strategic priority markets, with long-term planning, culturally specific marketing, stronger partnerships and full integration across the AICD.

Our priority markets are Singapore, Hong Kong, the UAE and Fiji, chosen by demand for governance training, existing member base, market size, growth potential, ease of doing business and regional accessibility. In these markets, we have increased our member services, events and education, including our *International Company Directors Course*.

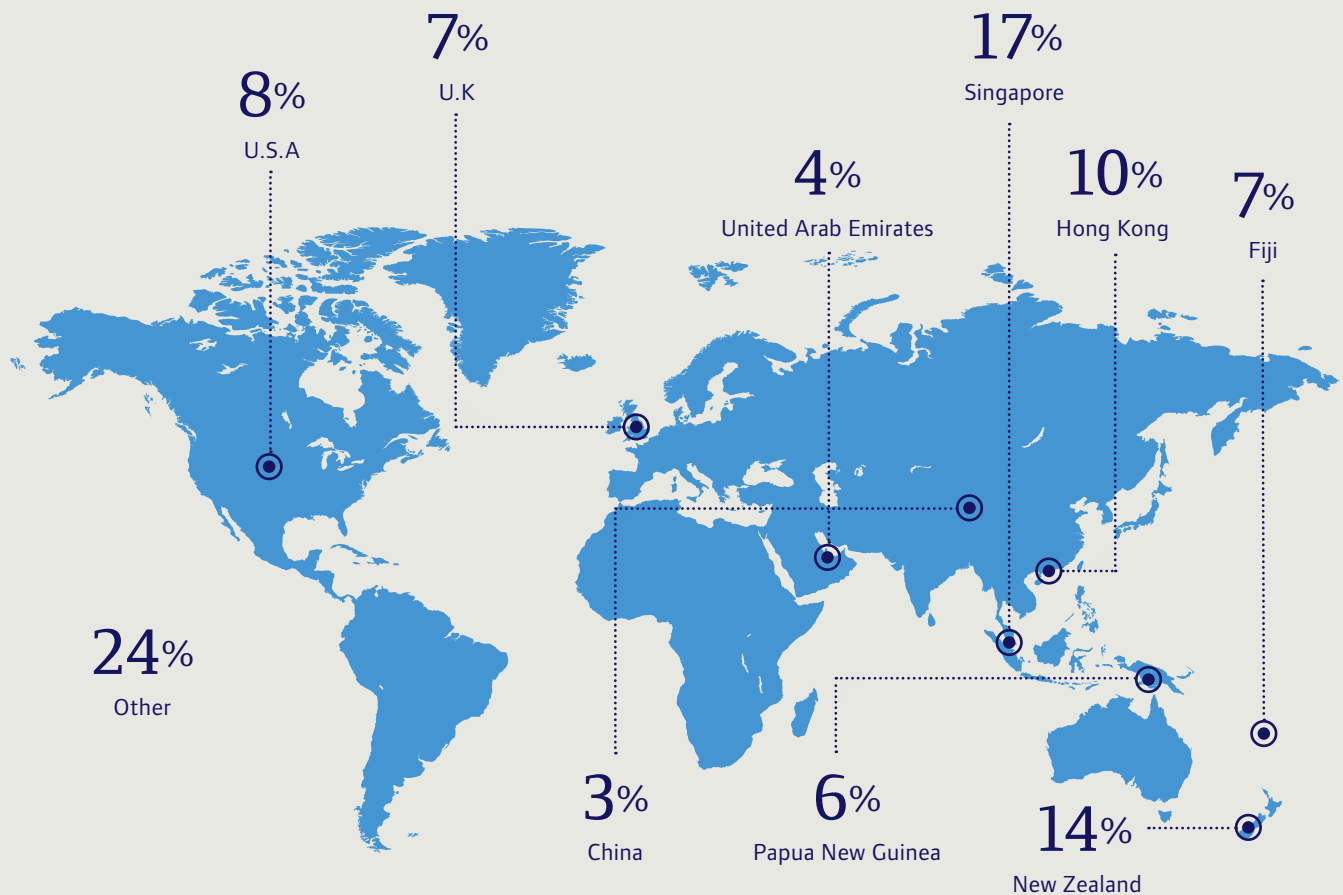
In line with the new strategy, we have opened a new market in the Middle East, using Dubai as a strategic hub. We have developed partnerships with Department of Foreign Affairs and Trade (DFAT), Austrade, chambers of commerce and universities, and successfully delivered our flagship *International Company Directors Course* in October.

Our international membership has grown to 1,569. Members are drawn from more than 75 countries, with the majority residing in Singapore, New Zealand and Hong Kong. We deliver member services, including a newsletter, networking events, webinars and online resources.

We have increased our thought leadership events. This included the Chairman's Asia Roadshow, the Chief Economist's Roadshow, director briefings and events with Australian ambassadors. As a founding member of the Global Network of Director Institutes (GNDI), we attended the annual meeting of the parties.

Through our governance diplomacy program, we have helped lift governance in our region, including in Fiji, PNG, Indonesia, Malaysia and Thailand. Over recent years, we have provided scholarships for emerging female leaders, bespoke training to NGOs, and licensed materials for emerging director institutes. Our work contributes to UN Sustainable Development Goal 16 to strengthen global governance in developing countries.

## International members



## MEMBER PROFILE

### Eroni Puamau MAICD

General Manager, Rosie Holidays. Member, board of trustees, Model Town Charitable Trust.



Eroni Puamau MAICD has spent the last 14 years working for Rosie Holidays, one of the leading in-bound tourism providers in Fiji, where he is General Manager.

Puamau joined the AICD this year to build his proficiency in this senior management role at Rosie Holidays as well as in the work he does on the board of trustees of the Model Town Charitable Trust, a NFP providing low-cost cyclone-proof housing in Fiji, particularly in the village Koroipita built by Australian Peter Drysdale AO.

“Joining the AICD has been educational for me. I joined because as Rosie expanded, it was important to make sure the management capacity in terms of strategic governance also grew,” Puamau says.

“Then at Koroipita there have been new requirements introduced by donor governments that required a real focus on governance from the board,” Puamau says.

The relationship between Rosie Holidays and Koroipita goes back over a decade with Rosie managing director Tony Whitton sitting on the board of the Model Town Charitable Trust. The attention of the trust board is now focused on succession planning.

“We now have a general manager who’s been appointed and confirmed, and I think that was a very important requirement,” Puamau says.

Puamau completed the AICD *Fiji Directors Course* in June, a program based on Fijian corporations law to train the next generation of the Pacific nation’s board leaders.

# Financial sustainability

The AICD generated a surplus for the 2017 Financial Year of \$2.3m (2016: surplus \$1.1m).

This included income from cash and investments of \$2.4m (2016: \$1.0m). Cash and investments comprises deferred revenue from membership fees and prepaid courses and events (\$20.4m) and Financial Reserves (\$22.3m).

The AICD has a Reserves Policy which provides a framework to set aside sufficient financial reserves in order to: protect and safeguard assets; meet liabilities as they fall due; provide resilience and capacity to manage unforeseen financial difficulties; and deliver against the strategic mission and aspirations.

At 30 June 2017, the value of reserves as a percentage of operating expenses was 31 per cent which complies with the Reserves Policy.

The AICD utilises surplus revenue generated from its operations to invest in services in accordance with its objectives.



Protect and safeguard assets



Meet liabilities as they fall due



Provide resilience and capacity to manage unforeseen financial difficulties



Deliver against the strategic mission and aspirations



## MEMBER PROFILE

## Dr Vanessa Guthrie MAICD

*Member since 2005*

## Breaking down barriers

Dr Vanessa Guthrie, a geologist by trade, is an experienced chair and non-executive director based in Western Australia.

Working in a male-dominated industry for more than 30 years, Dr Vanessa Guthrie MAICD has been a pioneer in breaking down barriers for women. During her career, Guthrie has often found herself the only female member on executive teams and boards. Her current board roles include chair of the Minerals Council of Australia and deputy chair of the WA Cricket Association (WACA), Council member for Curtin University and Non-Executive Director of Santos Limited and the Australian Broadcasting Corporation.

After graduating with a degree in geology and environment, she travelled overseas before moving to Tasmania where she completed a PhD in geology and joined the mining industry and remained there for 11 years. It was this exposure to mining operations and metals such as copper, tin, lead, zinc and gold that led her to Western Australia in 1998, she says.

"I was working across various commodities and had a number of roles which proved a good fit for me. This diverse experience led me to take a position with Western Mining Corporation (WMC) in Perth."

In 2013, Guthrie won the Outstanding Professional Woman award from the WA Chamber of Minerals and Energy and was also recognised by Women in Mining UK's 100 Global Inspirational Women in Mining in 2013.

Guthrie believes the topic of gender remains an invisible barrier to women in her industry and says discussion of gender diversity is essential.

"Up until now, it has been almost invisible," she says. "I say this because it's not just about talent. The culture in business has, over time, presented itself as an invisible barrier to the buried talent that women have."

Guthrie sees her role as chair of the Minerals Council of Australia – and the fact that she is the first woman appointed to the role – as significant in supporting and advocating for more women in the industry.

"Whenever I have raised the gender issue in the mining industry, there has often been a genuine surprise by the male board members," she says. "Once again, it's a case of unconscious bias. Thankfully, more men are seeing that the lack of diversity is holding back company performance and this is terrific."

**"I was working across various commodities and had a number of roles which proved a good fit for me. This diverse experience led me to take a position with Western Mining Corporation in Perth."**

As a woman who has made it to the top – only five per cent of CEOs in the ASX 200 are female – the debate about quotas and targets is one Guthrie is often asked about.

"The sense of tokenism does concern me...[but] my experience has been that those who set genuine targets for themselves to change diversity in the boardroom tend to outperform others," she says. "But there is still a way to go before boards get more comfortable reaching gender targets."

# Advocacy

Our advocacy agenda promotes better regulation and high standards in governance practice, and our influence and standing in the broader community allows us to bring a unique governance perspective to debates on national priorities.

## Key achievements

- Advancing insolvency safe harbour reform for directors (made law in September 2017)
- Bringing our governance voice to public debate, with 2,300+ media mentions
- Policy advocacy on important reforms from whistleblowing to corporate reporting
- A strong national reform agenda to improve the governance of the nation
- Increasing our political and stakeholder engagement, doubling our level of contact
- Revamping the flagship Chair's Mentoring Program to promote gender diversity
- Improved member communications and engagement on advocacy agenda
- New research on director independence, governance trends and climate change

## Policy and reform

Over the year, we contributed to significant legislative and regulatory issues that impact our members and the practice of good governance in Australia.

These issues were wide and varied, reflecting the AICD's diverse membership. They include: technology neutrality under the Corporations Act, industry funding model for ASIC, enterprise tax reform, independence on superannuation boards, changes to the 457 visa, crowd-sourced equity funding, corporate reporting and new corporate foreign bribery offences. We also contributed to whistleblowing reform through a research partnership work with Griffith University and engagement with the government's proposed legislative reforms.

A key focus for the year was advancing a safe harbour for directors from personal civil liability under insolvency laws. The AICD has long advocated for reform to support directors to turn around companies facing financial difficulty in certain circumstances, and subject to important protections for employee entitlements and reporting. We are delighted that these important reforms have become law, effective 19 September 2017.

### Government and media relations

The AICD seeks to be the voice of excellence in governance in public policy debate. Bringing the governance perspective into media and political discussions is an important objective.

Across 2017 the AICD featured in media coverage over 2,300 times – a 25 per cent increase on 2016 (itself a record year). This includes six national opinion pieces, setting out the case for important reforms on issues like safe harbour reform and whistleblowing.

Consulting and engaging with politicians is also important for the AICD's legislative aims. During 2017, the AICD held over 90 briefings with political representatives, including two days of meetings at Parliament House with our Board and leading ASX Chairs engaging with the Prime Minister, Leader of the Opposition and key Ministers and Shadow Ministers. The AICD also engages with State and Territory political stakeholders with Division Councils.

### Member engagement

We work with a number of key stakeholder groups to help us inform our policy positions. These groups include our Policy Committees, Division Councils, ASX and NFP Chair Forums as well as regulators and Government Departments. Our members have an opportunity to contribute their thoughts through our twice-yearly *Director Sentiment Index* and our Leader's Pulse group, who are regularly sent questions on significant policy matters impacting the nation.

### Blueprint for Growth

In April 2017, we released our second *Governance of the Nation: A Blueprint for Growth*, which outlines the AICD's agenda for reform to drive long-term growth and increased prosperity for all Australians. Our recommendations for reform dominated the airwaves, with wide media coverage and discussion in Parliament and with peak bodies on the AICD's proposals.

The Blueprint sets out the AICD's priorities in six key national reform areas:

- Reforming national governance
- Fiscal sustainability
- Innovation and entrepreneurialism
- Human capital
- NFP partnership
- National infrastructure

### Director Sentiment Index

Now in its seventh year, our *Director Sentiment Index* continues to be the only indicator measuring the opinions and future intentions of directors on the economy, government policy and governance regulations. The findings influence the AICD's positions on key policy issues.

Our 2017 results show that directors remain concerned about the ability of the government to drive reform and growth, with 86 per cent rating the current quality of public policy debate in Australia as poor. Directors continue to view investment in infrastructure as the number one issue the Federal Government should address in the long-term.

## Gender diversity

During the year the AICD launched the Boards for Balance program, developed with Chief Executive Women, and revamped and relaunched our flagship AICD Chair's Mentoring Program, receiving 438 impressive applications from women across Australia. Successful applicants are paired with experienced ASX 200 directors as mentors.

The AICD has called for the ASX 200 to meet a voluntary target of 30 per cent female directors by the end of 2018. We saw promising progress towards this target during the financial year, but are concerned that momentum appears to be slowing.

- The percentage of women on ASX 200 boards increased by two per cent over the year, with women now representing 25.4 per cent of all ASX 200 directors.
- The number of ASX 200 boards that have reached the 30 per cent target has doubled to 71 from 35 in 2015 and the number of boards without women more than halved (from 33 in 2015, to 13 at May 2017).
- In late 2016, monthly new appointment rates of women on ASX 200 Boards hit 44 per cent, the highest rates since we began tracking diversity in 2009. Research conducted by Mercer found that at this level, the ASX 200 was on target to meet the 30 per cent target.
- In the first half of 2017, however, the monthly new appointment rate dropped back to 30 per cent - putting our target at risk. This will remain a key area of focus for the AICD in the year ahead.

## A voice for NFP governance

The majority of the AICD's members have some engagement with NFP governance. The AICD focuses on governance issues relevant to NFPs, including policy reform.

During the year we launched the #fixfundraising campaign along with Justice Connect, Governance Institute of Australia, the Australian Council of Social Service, Chartered Accountants Australia and New Zealand, Community Council for Australia, CPA Australia and Philanthropy Australia. We are calling on Australian governments to work together to provide charities and NFPs with a nationally-consistent and fit-for-purpose regulatory regime.

In May 2016, we also launched the NFP Quarterly Update, a regular newsletter which is distributed to AICD members with a nominated interest in NFP governance.

## Governance Leadership Centre

The AICD's Governance Leadership Centre (GLC) is the home of 'over the horizon' thinking on governance trends and research. During the year the GLC commissioned research reports on the relationship between board independence and firm performance (Prof Alex Frino), emerging themes of corporate governance and firm performance (Prof Guy Ford and Dr J Rooney, USyd), climate change and good corporate governance (Dr Nick Wood and Kate Mackenzie) as well as regular insights on new reports and trends in international corporate governance to members subscribing to an 'opt-in' monthly newsletter.



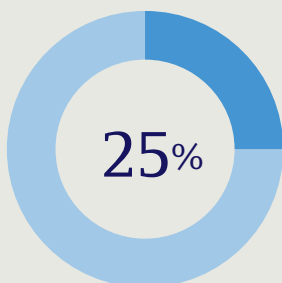
## STAFF PROFILE

## Stephen Walters MAICD

Chief Economist, AICD



25% increase in  
proactive AICD media



Female representation on ASX  
200 Boards reaches new high



200% increase in political  
engagement



Strong policy work  
and advocacy to advance  
national reforms

2017 was Stephen Walters' first full year as the AICD's Chief Economist, a new position created in April 2016 to provide members the economic analysis they need to perform their roles and to support the AICD's policy formation.

Walters has more than two decades' experience as an economist in both Australia and New Zealand. He was the Chief Economist for Australia and New Zealand at JP Morgan prior to joining the AICD.

It was a busy year for Walters, providing his insights to members in multiple formats. In 2017, the Chief Economist:

- Presented at member events in every State and Territory, as well as overseas.
- Contributed to the *Governance of the Nation: Blueprint for Growth*, the AICD's comprehensive reform agenda, which outlines steps to boost productivity – Walters' economic analysis particularly underpinned the budget repair and tax reform sections.
- Provided comprehensive analysis of the Federal Budget for members, highlighting the initiatives most relevant to directors and governance.
- Made regular media appearances on behalf of the AICD as an expert economic commentator.
- Sent timely member updates on key economic indicators and data releases to an opt-in subscription email service.
- Launched the AICD's economic podcast, *The Dismal Science*, for more in-depth discussion of economic news and events.
- Recorded regular explainer videos for the AICD website and social media on the economy and economic policy.
- Wrote quarterly economic overview reports, providing broader context for directors to inform board decision-making and planning.

# Advisory

2017 was dedicated to the consolidation and transformation of the Advisory business, with an adoption of a three-year horizon and plan to consolidate and grow our offering for whole-of-board and business governance education.

Our governance Advisory division was successfully relaunched in 2017 and continues to mature and grow. In particular, our in-house education programs helped a wide range of organisations' Governing Teams develop and extend their skills and capabilities.

Across 2017 we delivered 435 programs to clients, allowing their boards, and often their executive teams to undertake facilitated governance training at their own premises. Participants leave the sessions with a common understanding of what actions are required, increasing the likelihood that the learning will be embedded and lead to better outcomes for the organisation.

## A growing database of insights

2017 marks the fourth year that AICD has conducted governance assessments and board reviews using our governance analysis and diagnostic tools. We now have a confidential and comprehensive data set from over 1,700 assessments. We can use this database to benchmark our clients' governance standards against practices and trends in their sector or industry.

## New governance solutions

In October 2016 we launched our Governance Consulting business. Applying the knowledge and experience of our governance experts, we work closely with clients and their boards to address the governance issues they are facing today and to prepare them for the complex challenges of the future. We help boards to perform at their best, while also improving the quality and performance of organisations through good governance.

## Our work to date

We are very fortunate to have assisted boards on a range of issues and across a range of industries, including local government, schools and the health services sector. We have learned that governance is at its best when structures, systems and processes align to support the organisation's aims. We also help our clients build the strength and quality of their Governing Team's relationships, a vital building block of organisational success.



54

Governance assessments  
in FY17



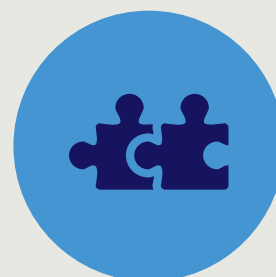
1,700+

Individual assessments



435

In-house courses  
and events



27

In-house *Company Directors*  
Course programs delivered

## CLIENT PROFILE

# Oil Search with Chair, Rick Lee AM FAICD

Member since 2001



## Building a governing team

A board and executive team that focuses on diversity, social responsibility and the discovery of future directors is key to ASX-listed and Papua New Guinea-based Oil Search's strategic success. The company is working with the AICD's Advisory business to deliver a series of workshops as part of its induction and training processes for its future leaders.

Oil and gas exploration and development company, Oil Search Limited, has come a long way since it was first incorporated in Papua New Guinea (PNG) in 1929. The company is one of the oldest in PNG and in the oil and gas sector globally.

Today, it is the largest private sector employer in the country, as well as the largest taxpayer, and is often hailed as a leader in corporate PNG. It has dual listing on both the Port Moresby Stock Exchange and the ASX and has a market capitalisation of around \$11 billion.

In late 2016, following the retirement of two long-standing board members, the company, under the guidance of chair Rick Lee AM FAICD, saw an opportunity to instigate a number of changes to the make-up of its board.

The board strengthened its diversity by appointing PNG national Mel Togolo MAICD, a founding member of the Business Council of Papua New Guinea and its president for more than six years, and former Oil Search director, Fiona Harris FAICD who returned to the board after stepping down in December 2015. As a consequence of these appointments, there are now two female directors and three PNG nationals serving as directors.

It also announced the appointment of three independent committee members (ICMs) for an initial two-year term. This signalled the start of a long-term trainee director

program that Oil Search hopes will spearhead the next generation of PNG directors.

"With our ICMs, we are trying to identify young talented PNG nationals and help them in their own development, which, in due course, will hopefully help the country's economic development," explains Lee.

**"The board committee members will have the opportunity to meet and interact with some of the management of the company... [and] that experience will be valuable for both parties."**

Oil Search's partnership with the AICD has played an important part in the initiative, allowing ICMs to be exposed to the detailed workings of the company while also receiving the benefits of training.

"I've always felt a part of executives' training as they come through organisations is to understand the business through the lens of a director. The board committee members will have the opportunity to meet and interact with some of the management of the company... [and] that experience will be valuable for both parties," Lee says.

"I just see this as a step on the journey for the development of business in PNG. Hopefully one or two of those leaders will end up being board ready for Oil Search and be a natural future appointment to the board or indeed any other boards."





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