



ENGINEERS
AUSTRALIA

Member Ballot – roadshow questions answered

- 1. If the period a Director sits on the board is extended, why wouldn't this also apply to college boards as the same problems occur?**

The Board and National Congress recognise the short periods of tenure and regular turnover can undermine the effectiveness of a range of roles, not just that of Board directors. This issue is being considered further as part of the ongoing transformation of Engineers Australia and may lead to further changes to our rules and regulations in future.

- 2. What is the actual current average service period of directors.**

Since the establishment of the Board, the average service period for elected directors is approximately four years. For the period from 2015 the average turnover of Directors has been approximately 25 per cent with at least one Director replaced each year, with three new Directors commencing in 2016 and with two new Directors in 2018 and again in 2019. Two new Directors will be elected in 2022.

- 3. What was the reason for the short tenure in the first place? There must have been some reasons for that. What are we missing?**

When the Members determined to introduce a professional Board in 2014, it was anticipated that directors would serve two and even three periods of three years, while providing the vehicle for annual elections. It was, however, determined that a review should be conducted at an appropriate time to ensure the model adopted was operating successfully. The changes proposed are the result of the review initiated by Nation Congress in 2019.

- 4. If it takes time to "train" a director to understand the complexity of Engineers Australia, why not introduce a program which specifically provides this separate to election?**

It is standard practice to provide an induction to all incoming directors to the Engineers Australia Board. However, the Engineers Australia business is a complex one in a fast-changing environment. It takes time for a new Director to understand the complexities and the necessary interactions between each part of the organisation. This includes covering the Board, Congress, members, the Divisions, Colleges, Technical Societies and the executive, while at the same time embracing Engineers Australia's purpose as set out in the Charter.

5. Five percent of members seems very low, how does this compare to the requirements for changing other Royal Charters?

While five per cent seems a low percentage, the actual number of voting members required to satisfy this threshold is approximately 4,200 members. Five per cent also offers a statistically significant and reliable representation of voting members. Of this, a minimum of 50 per cent plus one must vote in favour of the resolution, (or approximately 2100) which is a significant number of members. Both the threshold required and number to achieve a successful resolution was set by the initial drafters of the Charter and By-Laws. Previous member ballots demonstrate that approximately seven per cent of voting members typically participate.

6. How does Congress get insight into the performance of a Director on the Board? On what basis would Congress assess the merits of a sitting Director?

As with the election of any person to a role by the responsible electors, this is carried out through a multi-layered approach. This includes personal contact (for example through interaction at Congress and its working groups) and the Board's annual performance review, (which is shared with Congress Delegates).

7. It is an unusual governance practice for a board to recommend its members for re-election. Why not have a nominations committee?

Engineers Australia does have a Nominations Committee, however its remit does not extend to recommendations covering sitting Directors. Furthermore, it is not unusual for the boards of corporations both listed and in the not-for-profit space to provide a recommendation for a sitting director to be re-elected. Clearly, the board is best placed to judge and advise on the performance of a sitting director. The most important aspect of this proposed change is that it does not overturn the primacy of National Congress, which retains the right to elect Directors and extends its powers to the right (if approved by the membership) to re-appoint a sitting Director.

8. Can't the Board already appoint up to two members without a ballot?

Yes, the Board can co-opt two directors. This remains unchanged. What is being sought from the membership (on the recommendation of National Congress) is:

- An extension of the tenure of Elected Directors from two terms of three years to two terms of four years;
- National Congress to be able (but not required) to re-appoint a performing sitting Director for a second term without the necessity of an election.

The primacy of National Congress to elect or re-appoint is retained. The Board, while it may make a recommendation to National Congress, does not have the power to re-appoint any of the six elected Directors.

9. Is the most desirable mix of skills considered when electing a Board director?

Each year, the Board through the Nominations Committee, and with the approval of National Congress, determines the skill-sets required by the Board and identifies absent skill sets. The Nominations Committee comprises two Directors and two Congress Delegates. In all Board discussions concerning

director elections, re-nominating and/or conflicted Directors absent themselves from those discussions. In assessing the candidates to be put before National Congress, the Nomination Committee makes an assessment of each candidate against the Congress approved criteria including the skill-sets of candidates.

10. How is 'performing well' judged / determined for reappointment?

Refer 6) above

11. Are Engineers Australia directors volunteers or paid? Do the directors get remunerated or it is purely voluntary service? Are travel and incident costs reimbursed for directors?

Directors are paid. National Congress approves a cap on Director remuneration (subject to an indexed, annual adjustment against the Wage Price Index). The Board determines the division of the cap between the Directors and the National President and Chair of the Board. The Directors' travel and incidental costs associated with the business of the Board are covered by Engineers Australia.