# Graphical user interface, text  Description automatically generatedTake on Board Podcast – Episode 191

Transcript – My AICD Australian Governance Summit 2023 recap

Helga Svendsen 0:00

Hello people of the take on board community. This is our annual episode, summarising, well, perhaps not summarising all of but giving you some key themes and some key points that were discussed at the Australian Institute of Company Directors annual Australian governance summit that was held in Melbourne in early March 2023. Like last year, I have crowdsourced from the fabulous take on board community some of the contributions because I can't be everywhere. So I hope you enjoy this episode. Let's get into it. So first up, the Australian Governance Summit was opened by a welcome to country by Wurundjeri elder Bill Nicholson. I love how the AICD now always has a welcome to country as part of the opening of the summit. And Bill Nicholson did not disappoint. It was really great to set the tone. We then moved into the welcome by the chair of the AICD. And he reminded us in fact, it was great to hear that the AICD's aim or their vision or their purpose or whatever, is to strengthen society through World Class governance. And to build a community where we come together to learn and develop is central to what the AICD does. And the Australian Governance Summit is the epitome of what they stand for. The theme for the 2023 summit was 'opportunity of tomorrow'. And the chair invited us I guess to expect some disagreement, because that's what happens in the boardroom when we're exploring we disagree, and then we come up with better solutions. He turned to reconciliation as part of his opening statement and the importance of the Australian Institute of Company Directors role in reconciliation. The AICD board supports the Uluru statement. And he encouraged us to read it and read it in full and read it as an invitation to walk together. As he said, compared to other colonies, like the US or Canada or New Zealand, Australia doesn't have a treaty with the First Nations people. And that may call into question the legitimate basis for the settlement of Australia, because the First Nations people never ceded sovereignty. And he says the generosity in the Uluru statement is around sovereignty being shared, and that is a generous offer, and that Australia should respond with the same generosity. He invited us to take a risk-based approach in determining our final decision, on reconciliation and on the referendum for The Voice that will be happening in Australia later in 2023. And in taking a risk approach to remember that status quo is not necessarily risk free. He says if we don't progress the challenges of reconciliation with First Nations people, then Australia will remain unchanged. Yet trust from First Nations people will be eroded. He notes that the strength of the AICD is in the membership and that many in the membership holds significant power and influence. But that we can't command that respect. Because of those positions of power, we must earn that respect. In doing so we must ensure that our boardrooms are diverse and inclusive. And in our community. If the AICD we must do the same promoting discussions that support cohesion and inclusion. With that, we then turned to the opening address by Patricia McKenzie, who is the chair of AGL. Now, if you're like me, you will know that AGL went through well, some challenges late last year. So to refresh your memory before we hear from Patricia McKenzie because it's kind of key AGL had their AGM in late 2022. And Mike Cannon Brooks as a shareholder, I think of about 11% nominated four board nominees for election to the board. One of them was backed by the then board. And that then board said after careful consideration, the board determined that although the other candidates nominated by entities associated with Grock Ventures are respected directors in their own right, their skill set was either already present on the board or not aligned to the priority skills that were being sought through the existing board renewal process. So they go into the AGL, AGM and what happens, shareholders rolled them. Shareholders overwhelmingly disagreed and elected the four new directors. As Grok Ventures said at the time, this represents another majority vote by AGL shareholders pointing to their desire for change, fresh thinking, and more execution capacity to realize the potential of this great company. And the AGL board has Grok Ventures full support to deliver on the monumental task ahead of rebuilding the company to lead Australia's green energy transition for the benefit of all stakeholders. Brynn O'Brien, who's previously been a guest on this podcast, was also quoted at the time as saying, "the board of an Australian listed company has been transformed by shareholders over its handling of climate risks. This is both a victory for shareholders and a scathing indictment on those who spent years destroying shareholder value by delaying the inevitable in the face of an escalating energy transition." At the same AGM, the board recorded their first strike on the company's remuneration report, with nearly 31% of AGL shareholders voting against the recommendation. So I know that doesn't summarize all of the background. But with that background in mind, you'll understand why Patricia McKenzie said that AGL have been navigating in issues rich environment. There was the proposed de merger, there was two rejected takeover bids, there was government intervention, there was changes in the board that I've just talked about, and changes in the leadership and a new strategy. So as the chair she had a bit going on. She says that AGL now has an ambitious plan to decarbonise, and they are working on settling in the new board. She says, well, now "that diversity in the boardroom is supporting positive change, and that they all share the same ambition to achieve energy transition for a lower carbon future." She talked about leaning into complex decisions, and how they go to the core of the business, and that the board has leaned in. She talked about how in determining their transition, they considered shareholders, customers, employees, and the community. And that the role of the board is to balance these views. She talked about continuing to grow their investment, and that wind and solar are a priority as they invest in innovation and research, because AGL acknowledges the size of the decarbonisation challenge. And there's particular challenges in that as a listed company, which they discovered at their AGM. She says it probably would have been easier if they are a private company. However, there's real benefit in the transparency of a transition plan in a public company. So she says they will ensure a strong foundation. They'll ensure innovation, digitisation AI, a focus on emerging technologies, unlocking electrification, and decentralised energy. And they will continue to transform with their compelling and realistic strategy.

She says they have a shareholder base, who cares deeply. And to her credit. And for all appearances, she does seem to be completely genuine and authentic. She says she's delighted and excited to be on the journey with AGL, with community, with shareholders, with employees and with Australia. So there was then a Q&A session with her and a couple of things just to pull out there. She again talked about having a realistic plan. And that one of the resolutions that received a majority vote at that 2021 AGM was about a 1.5% reduction. And she says that it was a non binding vote and to move to that would have meant closing all their coal fired generation in the late 2020s. And they just couldn't see how that could happen. She says if they can move more quickly, bringing renewables and storage into the system, they will absolutely do that. But the climate action Transition Plan is about 1.8 degrees. And they think that balance between realism and action is right particularly not so unrealistic that they might end up in the greenwashing end of the targets. She talked about educating the board on climate change and how it's a constant process with experts coming and speaking to them and taking the effort that it takes for that to happen. As chair she says one of the key roles for her is listening to what everyone has to say, and trying to work to consensus. And indeed, one of the stories she told was about that AGM whether new directors got elected, slightly unexpectedly, wll, I don't know about unexpectedly, but against the recommendation of the board and how, as chair, she basically from the stage said, right, okay, those that have been elected welcome, come up to the stage with us. You know, you're now part of the team, we want to welcome you from the start. And I think she said, they all went out for lunch together straight after the AGM, which, oh, my goodness, must have been quite challenging, but probably a good thing for all of them to just get on with it and start to try and work together. She says the AGL board believes in the science of climate change, and that they'll all benefit from a transition to a low carbon future. She talked about part of her role about listening, somebody asked her to listen to everyone? And she said, there's no shortage of people willing to give her advice. And she listens carefully to shareholders in the community. And then as a board, they work out how to respond. She was asked about how she manages her own health in such a stressful and difficult and kind of overwhelming environment. And she said, as part of what was going on, she had to move off some other boards, and that she also goes for a walk each morning. She says it's been full on, but you do what you have to do. So yeah, I thought that was an interesting presentation about balancing up some of those things. The role of the board AGM is in a fiery environment, or a, as she said, an issues rich environment. So the next conversation was about climate change risk and opportunity. Some of the points that were made here was that the Paris Agreement was now eight years ago, the TCFD. That is the Taskforce on Climate Related Disclosures is also now years ago. And as one of the panelists said, if you're not engaged in this in climate risk, and the opportunities you need to lift your game, there's plenty of resources out there and that we can't delay action. It was also pointed out that if we want to access credit, or finance or insurance, you need to have a long term decarbonisation plan. And interestingly, one of the speakers talked about nature being a key ally to fight against climate change. Mangroves can be carbon sinks, as well as helping to stop flooding, forests, seaweeds, and so on can all be part of that carbon sink. We need to make sure that nature innovators are financed. The panel also talked about the carbon offset market and how it needs to be tradable, verifiable, and reliable. I think there's some work to be done in that. And as more attention comes to the concept of a just transition. That is the focus on the s in ESG, the social factors, there will be a spotlight on what companies are doing and their skills and capabilities. Companies need to not just work in local communities, they also need to recognise the stewardship function and benefit of those local communities, to their businesses, was also pointed out that sequestration shouldn't be thought of as an alternative to decarbonising, it's an end. And another point was also around how wouldn't it be great if nature were a technology partner with us in decarbonising all around us we have natural assets, which can sequester carbon and be a carbon sink, maybe we just need to invest in nature.

The next session, David Gonski, sharing some lessons from his years as a director, he gave us eight tips to think about in stepping onto a board. Firstly, understand your strengths and weaknesses. We seldom take stock, he says, yet we need to have an understanding of our own strengths. And yes, we all need to have an understanding of finances. But a broader failure to understand what other strengths you bring to the boardroom is not good. We often don't focus on our strengths and we should. Secondly, whilst passion is not essential, it does make the effort more possible. You want to savour the conversations in the boardroom, you need to love the site inspections. He says it's not essential I would say it probably is it's really hard to do board work if you're not at least a little bit in love with the organisation that you're on the board of. Thirdly, he says, does the organisation align with your ethics, he says he wouldn't join the board of a cigarette manufacturer. However, he would join the board of a soft drink manufacturer. So you just need to make those decisions for yourself about where your ethics lie. And make sure you don't abandon your beliefs just to join a board. Fourthly, ask yourself, what is the future of the enterprise? He gave the story about, would you join the board? Decades ago? Would you join the board of an ice making company? Is that the future? Or was it refrigeration? So what's the future of the enterprise? Fifth. Ask who is on the board? And can you work with them? You need to respect them, you don't always need to agree with them. In fact, sometimes you need to disagree with them. But in amongst that disagreement, there needs to be free and open and robust discussion. Six, ask who are the owners of the company, you need to understand the ownership structure. Seven, know who is the chair, and know that they are key to robust conversations. He noted that he'd sometimes underestimated the abrasiveness of the chair, which can make it really difficult. You want to have a chair where input is welcomed by all and that a good chair makes all the difference. Also had to think about the chairs relationship with the CEO and test that it's a healthy relationship, not at war, but not too friendly. And finally, he says look at the balance sheet. I mean, you want to look at the finances overall, but look at the balance sheet, to make sure there's a healthy enough balance sheet so that the organisation can do what it's setting out to achieve. He talked about some factors to mitigate risk, your own personal risk or the risk of the company and kind of encouraged us all to think about being a director as a profession. So he invites us to read widely from a wide range of sources. Secondly, have someone to share confidences that might be a mentor, or even a mentee. Thirdly, thinking about directorship as a team sport, not an individual sport. This is not all about you. It's all about the team. And fourthly, questioning is a board members best weapon, but it must be done at the right time in the right way, not just to show your own superiority of knowledge or standing.

He also encouraged us to engage broadly in the community. Finally, he made some points about how long should one stay? Well, you need to test yourself regularly about whether the tension is right for you, and for the organisation. And I liked in this part how he said you need to test yourself and your board colleagues and stakeholders, they might have a different view to you.

The next panel building a stronger economy. This was with Don Russell from Australian Super, Paula Dwyer from Allianz and Ian Hammond from Mission Australia. Some points made here. Don Russell from Australian Super says there's an important role in innovation agenda, making sure there's the right amount of research support for innovation and training. Ian Hammond from Mission Australia talked about growing Australia and the success in that growth being shared by all. He encouraged us to think about more equality in that and that the government has an economic advisory inclusion committee that will inform the budget, this should be encouraged. Success, he says is when organisations like mission Australia don't have a job. Paula Dwyer from Allianz talked about a stronger economy meaning where everyone can participate in the natural abundance of Australia, where people can be free, when needs are met, where housing is provided, where we're educated, healthcare is available and there's a role for government in all of these things. The panel also talked about long term investing and integrating ESG that is environment, social and governance factors into considerations around those long term investments. They also talked about building resilience into all parts of the economy and society, talking about flood levees and moving people from flood plains to higher grounds bushfire mitigation, essentially spending ahead of the game rather than mopping up afterwards. Just one note on this panel, a question was asked about why there was no young people on the panel and not by the panel. It must be said it was by the emcee, there was a rather dismissive the answer to this and I will just say that whilst it's not the panel's role to answer that question, having some younger voices on this type of panel is important and or at least dealing with these sorts of questions respectfully.

The next panel, why reconciliation is board business. This was a fabulous panel. Justin Agale, I hope I'm saying your name right, Justin, from the Australian Institute of Company Directors, Simon McKeon from Rio Tinto and Karen Mundine from Reconciliation Australia. This panel started with questions to Simon McKeon on because he is a board director at Rio Tinto and he was a board director when they blew up the Juukan Gorge So he was asked what went wrong at Rio, and he says, complacency seeped in. He says culture emerged where near enough was good enough. And they just totally messed up, really. Karen Mundaine commented on this as well and said that Rio did what they did in reconciliation week. And for her, she said it was the hardest time of her work. Rio at the time was at the highest level of Reconciliation Action Plan. And her and her role as CEO of Reconciliation Australia was gutted. And that Rio needed to work out how to mend the relationship, and how to build the respect and build the trust. Because all of those things were broken between Reconciliation Australia and Rio. And it's going to take time to bring that back together. She said they revoked the Reconciliation Action Plan of Rio Tinto because Rio didn't meet the expectation or the requirements for an elevate rep partner. They needed to reflect and Reconciliation Australia is still working with Rio with them on what this means. She says there'll be back as part of the program, but it's figuring out how and when. Because Aboriginal people across the country were devastated by what had happened. Simon McKeon on noted, as I'd said before that a cultural emerged, we're near enough was good enough. And that wasn't good enough. He says they delayed an apology after what they did. And then after a slow start, the board and management have been trying hard to work out how to make amends. To do this, they need to be appropriately humble. They're now quick to say sorry, when they've hurt people, and to recognise that the hurt was real. When he was asked about how he felt when the Reconciliation Action Plan was withdrawn, he said it's almost Western thinking to ask why Rio isn't back in the fold. Aboriginal people were asking them at Rio, how are you feeling being on the outside, and as Simon noted, it felt pretty low. So time is important. And they are reminded every day that they don't have a rap. And that reinforces their resolve to improve. So I confess for me, I was a little when I saw Simon McKeon was on the panel, I was a little bit really, why is he on the panel? Why is Rio Tinto on the panel talking about reconciliation. But with that conversation about their relationship with reconciliation and the revocation of their rap, I actually thought it was really valuable. And I hope that everything Simon noted about Rio Tinto and how they're moving through it, I hope that it is, as he says, appropriately humble and genuine. So some other points from this panel, Karen Mundine was fabulous. And she talked about the Uluru statement, being about voice, treaty and truth. And that treaty is just a negotiation on on coming together to define how we work together and moving forward together. And there's a connection between voice and reconciliation, a core connection. The Uluru statement says Aboriginal people want voice. They want agency over their lives, and a saying things that impact us, impact us as in Aboriginal people. This is what Karen has said. And the Constitution is Australia's ultimate governance document. It doesn't recognize first people. So it's a simple but super important change. She also says that for organisations that have a Reconciliation Action Plan, you should think about why you have that rep and what it means. Maybe it's a business opportunity. Maybe it's about doing things better, smarter and faster. But as we come up to this referendum, you need to think about how you're going to apply that. Justin also noted the concept of black cladding, where a business wants to access procurement opportunities. So they get someone a First Nations person on their board or they get themselves a Reconciliation Action Plan. But you need to make sure that those Reconciliation Action Plans are really built into the operations of the organisation and built in seamlessly as a panel, there was some well, some questions asked from the audience probably gave some tip offs about some objections that might come around the referendum that's coming up. And one of the questions was around well, don't some Aboriginal people think this is not a good idea? Karen Mundine said they are being very patient with questions that suggest that Aboriginal people will be divided. And she says, you know, any groups of people, there will be diverse opinions. But the majority no, indeed, it was unanimous the Uluru statement. So they ask that the First Nations people who were here first have this mechanism for better outcomes. There were some questions about oh, but we don't know enough detail. We don't know how much people will be paid, blah, blah, blah. Simon McKeon says, we don't know how much people will be paid. It's just a voice. He says he's very relaxed to leave the rest up to government to debate the legislation, because the referendum will make the principle clear. He also noted that he was disappointed in the call for more detail by the Leader of the Opposition, Peter Dutton, Simon McKeon says, it's a simple change. All around Australia, states are considering this. It's pretty normal practice, as I say, or as he said previously, to leave it up to the government to debate the legislation. And states around Australia are doing it, they're introducing a voice in the South Australian Government. A treaty in Victoria is no controversy in any of that. So why is there this controversy in Canberra? And finally, Simon was asked what should boards do, and he says boards need to work harder. If it's a no vote, it'll be desolate in Australia for some time. Therefore, we need to pull their finger out and make sure everyone is informed and we need to start doing this thinking now.

The next session, technology and AI. On the panel here was Angelina Gomez a lawyer at Quinn Emanuel Urquhart & Sullivan, Ed Santow from the Human Technology Institute, and Anton van den Hengel from the Center for Augmented Reasoning, some of the points made, AI is a tool, but just a tool. So you need to test some of the information. The directors duties won't necessarily change because of AI. We just need to do what we've always done. And that is to examine where information is coming from. They talked about data and controlling your own data. And that data is the equivalent of diamonds. So it's a resource, and we need to treat it like other resources and develop it and ensure that it is has trusted systems. There was a point around AI doesn't do anything that humans can't do, or don't do. Just humans do it slower. So we already have laws around discrimination. We have laws around privacy. We just need to implement those laws in the AI space.

The next session, in whose interests rethinking directors duties on the panel here was Yasmin Elena from Cochlea. Piyush Gupta from Charter Hall Long and Deborah Hazleton from AMP. Some of the points made, each of them talked about putting the customers at the center and listening to customers. So he or she, I think was on the board at NAB the National Australia Bank. During and after the report from the Financial Services Royal Commission was released. And he said the impact of that was to make sure customers were put at the center of decision making. Deborah Hazleton joined the board of AMP posted the Royal Commission, and she said a lot of work was done around listening to customers. Deborah talked about how AMP is building back trust, how they need to understand what customers really want, which involves a lot of stakeholder engagement. But she also said you can't do what everyone wants that you need to prioritize and understand materiality and balance those shareholder views. She also noted around trust that you'll lose trust very quickly, and it takes a long time to rebuild. Piyush Gupta talked about stakeholder and shareholder capitalism, that having them on each end of the spectrum is a false dichotomy and that you can do both. They talked about some ways to hear from different stakeholders. For example, most companies measures If satisfaction and customer satisfaction. And what they've now learned is they need to probe the 2% that are unhappy, not just go, oh 98% are happy. What are those other 2% saying, because that's where you'll find the tales of woe. Deborah at AMP also talked about how they hear the customer view in the boardroom, how they listen to recordings from the call center, and they need to know what's going on. So they can be accountable for making things better. There was then some conversation again, around bringing different voices into the boardroom, and potentially about actually having those other voices in the boardroom rather than inverted commas just listening to them. And I feel here the panel kind of missed the point a little bit and just talked about listening rather than bringing them into the boardroom. Yeah, which was a bit of a missed opportunity, I think. But look, overall, the panel really talked about not operating in a vacuum. And that, if you're just in the pursuit of profit, probably means you're operating in a bit of a void, and you'll lose touch, which means you'll eventually lose customers and eventually lose profit. So you may as well just get it right from the start.

Next session, embedding innovation in the boardroom. On this panel, Catherine Ball from ANU, Martin Chapman from onboard and Helen Knott QBE. Note that this panel actually talked more about digital transformation rather than innovation per se. And some of the points that were made boards need to sort out why they are doing a digital transformation, what's the purpose and who's it going to serve, boards need to have digital literacy, they need to constantly re educate themselves, and cannot just rely on the CIO, they, the board need to have digital literacy. They need to know that in digital transformations, there needs to be innovation, leadership, resilience, and courage. And acceptance, I guess that many of these projects are ambiguous, and boards need to be comfortable with that ambiguity. They talked about listening well, working with others don't work in isolation, cooperate with others, work with some of the universities around some of these digital transformations to see what best practices and how things can be done better. was also pointed out that diversity brings innovation. And just in you know some of the simple mechanics that might be worth looking at how much time you spend on reading your Board Papers, writing Board Papers, thinking about Board Papers, versus getting out and learning new things. Because getting out and learning new things will help bring about that innovation. In closing, the key points to take away how much time on the agenda is spent on innovation. Can it be more Secondly, use the current frameworks that you have to work around innovation. Thirdly, educate yourself. Fourthly, engage with bright young minds.

The next session was around the governance of government. On this panel was Melinda Cilento from CEDA, Nicola Roxon, from HESTA and Vic Health and of course, the former Attorney General and health minister and other portfolios and Ben Wyatt, currently on the board of Rio Tinto and the former treasurer of Western Australia. Some of the points made was around the increasing complexity for boards and for government, and how this means we need to have much more robust conversations. There was some conversation around a lack of trust in government, by the community. And that may be putting outcomes at the center of governance in government might help be more focused on the outcomes might help organisations to think about the complex range of things and the solutions overall, rather than single fix issues. Also, in dealing with this complexity, you know, there was the conversation about the media and that sometimes the conversation is very binary when problems are complex, and that this can lead to frustration in the community, because they understand things are complex, and they don't want to be served up to simple answers when compromise is never part of the discussion. And was asked why governments are so slow. And Nicola Roxon point out that governments might be slow at speed isn't always right, either. And when the pressure is on, they're pretty good at quick decisions such as when COVID happened. She also pointed out the big business is not dissimilar in terms of length of times in decision making, when they swung back to this question about trust, and transparency was a decline in trust because of a trust in transparency. Again, it was Nicola Roxon, I think that pointed out that the transparency for business is often around the AGM or is for government that equivalent is parliament. And that transparency in that way happens every single day. She also noted that there's a whole range of other organizations like the auditor general's office, anti corruption authorities, obviously the media and parliament itself that can help to build that transparency. Folks, who that's just day one. So day two, I had a board meeting, so I couldn't attend most of it. So this is where the crowdsourcing comes in. First up, let's hear from Chaman Sidhu.

Chaman Sidhu 35:40

Hi, everyone. My name is Chaman Sidhu. I'm a director at the Wheeler Centre, which is the Center for books, writing and ideas. It has a great range of events, both live and hybrid in those areas in Melbourne and regional Victoria. So I'm covering the keynote session on day two from Professor Adam Tooze, who's an author and historian, and a professor at Columbia University, among other things. His session was titled Australia's Miracle in Question. And he has three key points to make.

 His first is that Australia has had one of the world's longest periods of sustained economic growth. And he talked about the key drivers of that growth. There are, of course, great internal factors such as general stability, good migration, and great political and business governance in Australia. He also thinks that there have been three key external factors driving that growth over the past 20 to 30 years. And they are the depoliticisation of global trading, generally low inflation worldwide, and strong global industrial growth.

 So the professor's second key point was that all three of those external factors are now in serious question. Of all of them, in the long term, he's least concerned about inflation, although he recognises it's serious right now. What he's most concerned about is the changing and unstable geopolitical environment across the world, and particularly the high risk of serious conflict between the US and China, for example, regarding Taiwan.

 His comment is that middle powers like Australia will have little to no control over that scenario, so we'll need to navigate it rather than influence it. And naturally, the scenario will seriously impact on both global trading and industrial growth. So that's very sobering.

 His third point was, what he would see I think, is a little ray of hope, hope. And that is the potential for Australia to be a significant player in the transition globally to a low carbon economy. So looking for opportunities there.

 His conclusion is that there's going to be a new mode of growth in the world. His prediction is that globalisation won't end. But maybe there'll be something he calls 'slowbilisation'. In any event, he certainly predicts significant tests for democratic governance and responsible business leadership in Australia. So very sobering, but it was a very stimulating and thought provoking session, and I think really leads to some serious considerations for all directors and boards to turn their minds to quite promptly. Thank you.

Helga Svendsen 38:18

Next up, this is Nikki Fraser, the CEO at Aftercare Australasia based on the Mornington Peninsula, an organisation that delivers Home Care Packages and services to people with a disability. Previously, Nikki was on the board of Living cultures, an indigenous startup as well as Diggers Club.

Nikki Fraser 38:35

I attended the session with Joe Longo, ASIC Chair and my three takeaways are as follows.

 Firstly, boards need to make sure they create a culture of compliance and transparency. They need to make sure that they are constantly assessing foreseeable risk and understand the business and very importantly, not mislead the market and that's both with financial and non financial disclosures.

 Secondly, that the interaction of boards and senior officers is incredibly important. This is highlighted by issues raised in the starcase, which was talked about a lot today. Boards need to ensure that they are, as I mentioned before, across financial and non financial risk, and especially across areas such as cybersecurity and greenwashing. The term I liked most today was to ensure that boards are 'continually curious'. I thought that was a wonderful way to describe how we should be.

 Finally that there is an increased focus on enforcement. ASIC are attempting to be more transparent in giving context to the regulatory community to bring greater confidence for us all. They are however limited by resources. So they've made it clear they won't be pursuing historical cases, and that not every case will be pursued, but they will overlay this with common sense and attempt to increase their focus on enforcement. Thank you.

Helga Svendsen 40:00

Next up, we'll hear from Hannah Browne on the cybersecurity session.

Hannah Browne 40:06

Hello to the take on board community. This is Hannah Browne founder and managing director of boutique IT consulting firm Midnyte City and I also sit on the board of Greenpeace Australia Pacific, coming to you from the Australian Governance Summit 2023, which was held in Melbourne last week, I'm going to share 'does your board have the right controls in place', which was the cybersecurity session from the summit.

 So we talked a little bit, they talked a little bit about what is the role of the board in a cyber attack and how transparency, reciprocity and accountability are key. They talked a little bit about the identities that we all have, dual identities as citizen and as consumer with a variety of organisations, and how the the landscape is shifting in that consumers want companies to step up on ESG. And there's certainly been a change in social expectations on companies.

 We talked about how we can architect systems, how we can safeguard the integrity of our identities, what's the role of government in this in this landscape. And how the point that really struck me was the unacceptable level of cyber literacy in boardrooms. And to focus on that they talked about dispelling some of the myths, you know, it's too complex for non technical people and, and how we can prioritise our cyber hygiene and what sort of cadence we need to set up around cyber.

 So five questions that I found really useful.

 Were number one, do we know what is connected to our networks and systems?

 Number two, what is running on our network and systems?

 Three, who has access to our network and systems and what access do they have?

 Four - do we have automation that allows us to detect anomalies?

 And question five was, how would you demonstrate that to us, which to me goes to the governance and how we can be confident as board directors that we are indeed fulfilling our fiduciary duty around cyber resilience.

 That's me signing off from the Australian Governance Summit 2023 in Melbourne last week, I've been Hannah Browne, Take care.

Helga Svendsen 42:06

And this one, thanks to Clare Schoenfeld, who I met at the take on board meetup on Wednesday post the summit.

Clare Schoenfeld 42:13

Hi, I'm Clare Schoenfeld, and I'm a board director for YellowBridge Queensland. YellowBridge is a not for profit organisation that helps people access housing, disability support, and youth and home services. So while I was recently at the Australian Governance Summit in Melbourne, I attended the session getting on with the job addressing Australia's workforce challenges. In the session, it highlighted how the number one issue right now for organisations, whether large or small, is worker shortages, and identified that there is a labor shortage as well as a skill shortage. And organisations need to spend more time training to address the skill gaps. And they need to be creative with how they are fulfilling the skill gaps as well. So the panel members spoke about developing capability. So the soft skills within the organisation, such as resilience, problem solving and creativity. Another area that the panel members spoke about was the hybrid model, they highlighted that things aren't going to return to the pre COVID times in the workplace. So organisations need to set expectations and create a culture about coming into the office. A key takeaway for me which was highlighted by one of the panel members was you need to earn the commute. If you have staff that are working remotely and you expect them to come into the office to work, then the work that they are doing in the office needs to be different. It needs to be different from what they are doing at home, because you need to earn their commute for coming into the office.

Helga Svendsen 43:59

And this one from Mel Donald. Mel is on the boards of the VET Development Center, the VDC and the National Association of Women in operations and she's giving us a summary of the sports governance session.

Mel Donald 44:14

In the backdrop of Roy & HJ's words, were too much sport is not enough. The panel covered the challenges of governance in sport.

 Firstly, its structural. There are tensions between passion for sport being volunteer-based, and a lack of funding. To ensure appropriate governance, there's a need for increased transparency of roles and responsibilities, and a clear division between Administration and Governance. The 'aha' moment for me it was that sport organisations which lose government funding, can often become insolvent. governance challenges indeed.

 Secondly, it's about systems. There's a need to embed the tools of good governance from fixed term contracts, succession planning, and templates for core processes, with the added challenge to scale from grassroots to governing Federation's,

 And lastly, its cultural. There are embedded norms in sport and inherent conflicts of interests as well as the need to create more diverse and inclusive boards. This panel also highlighted the opportunities of good governance in sport underpinned by the goal of ensuring sport is accessible to everyone and represents the communities it serves. Governance was see as the key to modernisation and innovation in sport to move beyond the perceived glamour and wealth - or be that misguided - and create sustainable and true legacies with significant physical, emotional, and social benefits with long lasting positive outcomes for communities.

Helga Svendsen 45:40

And this one from Riwka Hagen about the session on geopolitical challenges with Professor Caitlin Byrne from Griffith University, Dr. Darren Lim, from ANU and Dr. Aaron Watson Lin from Baker in New York,

Riwka Hagen 45:54

There's a lot to cover off on. There was a reference, of course, to the impact of the rise of China, and the ongoing tensions, especially between the US and China, and the impacts that that will have for Australia.

 One of the interesting quotes that was rephrased from this morning sessions, session two was the notion of granting the serenity to accept what we can't change, the courage to change what we can, and the wisdom to know the difference. So it's kind of like taking that really pragmatic approach to, to our relationships with our neighbors and our partners.

 There was also a really big focus on perhaps looking more closely at our relationship with our Pacific neighbours, rather than necessarily just the Asian ones. And that that's really been under done for a bit of time. And there is a hope that that's going to, yeah, that's going to improve over the coming time, I guess, with the change of government as well.

 It was interesting, I threw a question out to the panel via the electronic question asking, and Alan Kohler thought it was a great idea to put that to the to the panel. So that was kind of interesting. And my question was around the influence as, as US ambassador of Kevin Rudd at the moment, and what that might mean for the shift in the bombast, I guess, that the US poses in terms of China, and the panel was, was very engaged with that particular question. And so there was general agreement that his influence will be a positive one in that he's got the skill and the expertise and the gravitas to do justice to that relationship. And of course, he's got the connections as well to be listened to, to be heard. But one of the perspectives too, was that, you know, his notion or his likelihood of just kind of shooting off from the hip and being a bit of a loose cannon, could actually end up being a little bit problematic as well. And that was a really interesting perspective and a fair bit of a bit of a chuckle from the room there as well. Look, there was a lot more in this session as well. I did take some notes, I'd really encourage, if you haven't registered to the event, maybe to see if you can tap into the recording of it. It was an absolute cracker of a session with really passionate speakers and I thoroughly enjoyed listening to that.

Helga Svendsen 47:58

And finally, the final session of the Australian governance summit was Pamela Hanrahan, who provides an update on the regulatory environment. Now, unfortunately, whilst I was at this session, my brain was slightly tired from a couple of days. And Pamela bless her recognises this and provide slides so people can kind of read and listen at the same time, however, unfortunately, I was way too far back in the room to be able to take photos of the presentation. So have a look on the ACID's website and see if there is a summary because it is well worth doing it. Pamela Hanrahan is the only person I think who can hold the attention of people after two full days. It's well worth it.

All right, folks. That's a wrap for our podcast today. Thanks to my guest take on board correspondents Chaman Sidhu Hannah Browne, Clare Schoenfeld, Melissa Donald, Nikki Fraser and Riwka Hagen, and a huge thank you to those of you too many too mention that came along to the take on board meet up on the Wednesday. It was an absolute joy to see the conversations and connections spark. That's it for this year's summary of the AICD Australian Governance Summit 2023. I note on the AIC DS website, they've already set the dates for 2024. So AGS will return on the 20th and 21st of March 2024 at the Melbourne Convention and Exhibition Center. So come along. If you're not going to the summit, come to our take on board meetup. Thanks again for tuning in.

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