



**Victorian TAFE Association
State Conference**

**Board Innovation and Outcomes in a Commercial and Competitive
Environment**

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What is Corporate Governance?

- ★ Corporate Governance is the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations.
- ★ It encompasses the mechanisms by which companies, and those in control, are held to account.
- ★ Corporate governance influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised.
- ★ Effective corporate governance structures encourage companies to create value, through entrepreneurialism, innovation, development and exploration, and provide accountability and control systems commensurate with the risks.

ASX Governance Principles and Recommendations

★ ***Principle 1: Lay solid foundations for management and oversight***

- You need to establish and be transparent about the respective roles and responsibilities of board and management; Which functions belong to the Board, what is delegated to management; how do you evaluate your senior executives?

★ ***Principle 2: Structure the board to add value***

- Companies need to have boards with the right people, with the right skill sets and experience to discharge the responsibilities of that particular organisation

★ ***Principle 3: Promote Ethical and Responsible Decision Making***

- How you ensure this will depend on the type of organisation but can be helped by a specific code of conduct, which includes commitments to diversity.

★ ***Principle 4: Safeguard integrity in financial reporting***

- Companies should have a structure to independently verify and safeguard the integrity of their financial reporting, including the formation of an Audit committee.

ASX Governance Principles and Recommendations

★ ***Principle 5: Make Timely and Balanced Disclosure***

- While market disclosure of material matters is specific to listed companies, the principle remains the same for any organisation's dealings with key stakeholders; material information must be shared in a timely fashion

★ ***Principle 6: Respect the Rights of Shareholders***

- Companies should respect the rights of shareholders and facilitate the effective exercise of those rights; once again, if you substitute the phrase 'stakeholder' for shareholder, the answer is often similar.

★ ***Principle 7: Recognise and Manage Risk***

- Companies should establish a sound system of risk oversight and management, plus internal controls.

★ ***Principle 8: Remunerate fairly and responsibly***

- Companies should ensure that the level and composition of remuneration is sufficient and reasonable, and that the relationship to performance is very clear.

Or in simple terms.....

1. Work out who is responsible for what, and how you measure if someone is doing their job properly.
2. Ensure that those with the ultimate responsibility have the right skills for discharge that responsibility for your organisation.
3. Set up a clear code of conduct that shows how everyone is expected to behave.
4. You are usually spending someone else's money so make sure you know where the money is going, who is spending it, how and why
5. Make sure all of your stakeholders know what they need to know when they need to know it
6. Respect your stakeholders; whether it is your staff, your customers, your shareholders, your banks , your government or your competitors, everyone you deal with has a right to be dealt with appropriately
7. Know the business you are in, how it is changing, the competitive environment and what risks you need to manage to achieve your plans: always ask the 'what if' questions
8. Your employees are your greatest asset; be fair in how you treat them, they will be fair in return and deliver what you ask of them.

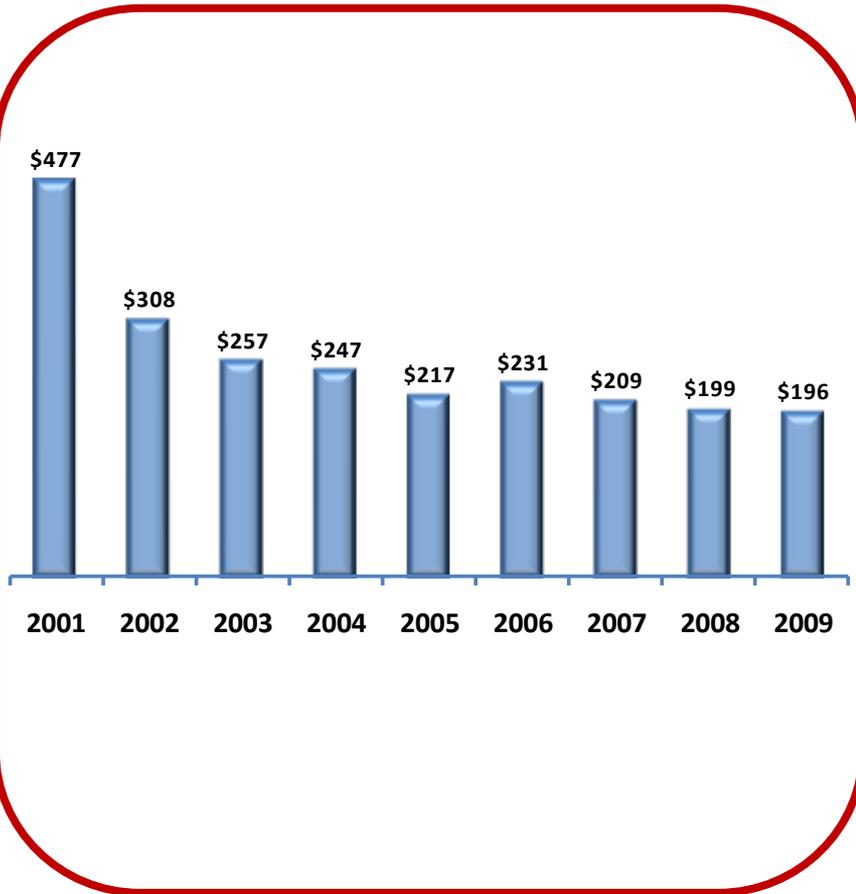
AUSTAR's governance framework

- ★ AUSTAR's corporate governance framework is designed to '***protect and enhance shareholder interests and ensure that the Company, its directors, officers and employees conduct business with integrity, honesty, and with appropriate levels of disclosure and accountability.***'
- ★ Our policies and procedures are regularly reviewed and updated to ensure that they remain current and in accordance with best practices appropriate for our business and the operational environment.
- ★ But what is 'appropriate'??.....

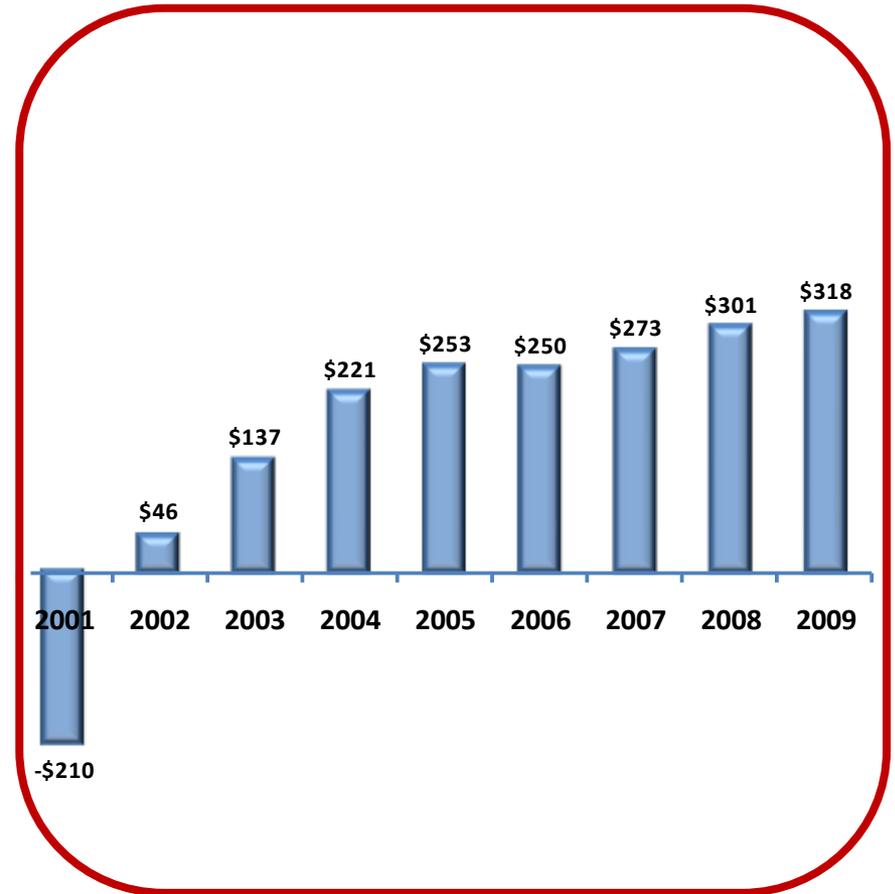


Focus on governance can improve the bottom line

Operating Cost / Sub



EBITDA / Sub



As we said before.....

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Thank You

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