

GOVERNANCE PROCESS FOR ENSURING APPROPRIATE SKILL SETS ON CHOICE COUNCIL

Background

In 2004 Council commissioned Cameron Ralph, a leading corporate governance consultant with considerable expertise in the not-for-profit sector, to conduct an independent external review of its governance arrangements.

Given the increasingly competitive and challenging environment that Choice works in, both as a publisher and in the advocacy sphere, Council saw great value in ensuring that its own practices were consistent with the highest standards of modern corporate governance.

The review pointed to a range of desirable reforms in the way that Choice Council works and suggested changes to the composition of the Council and that Council play a more active role in securing ideal candidates.

Some of the recommendations required immediate constitutional change which occurred at the Choice AGM in 2006 but others went more to practice. In particular in relation to the selection/election model for Councillors it was recommended that Council:

Establish a Nomination and Remuneration Committee to:

- *undertake skills audit, assess any skills/experience deficiencies and establish desired profile for Council composition;*
- *undertake search (inside and outside of membership) to address identified deficiencies and propose ticket for Council's consideration and recommendation to members for election;*
- *oversight regular Council performance reviews, and incorporating a systematic succession plan, make recommendations to Council for support of re-election (or otherwise) of sitting Council members*

It was also recommended that:

- *the term of office should remain three years and that two terms should be seen as the norm and three generally the maximum; and*
- *the Constitution should be revised to incorporate more contemporary thinking on issues of independence and conflict.*

Council has proceeded to implement these recommendations.

In particular it has been undertaking a skills audit ahead of each election cycle and has been undertaking a search to ensure suitable candidates are available for election but has stopped short of recommending a ticket to members.

In addition in 2007 Council conducted a performance evaluation of itself, its committees and its Chair and resolved to have continuing reviews on a regular basis. In 2008 it implemented performance evaluation for individual Councillors wishing to re-stand for election.

It has agreed that two terms for Councillors should be seen as the norm and three terms generally the maximum.

It has also agreed to modernise the Constitution and this will occur in 2009.

This paper sets out in detail the process that has been followed over the past three years. The process is new and still evolving and feedback from members is welcome.

GOVERNANCE PROCESS FOR FILLING VACANCIES ON CHOICE COUNCIL TO ENSURE APPROPRIATE SKILLS SETS AND A BALANCE OF SKILLS

Introduction

The Governance, Nominations and Remuneration (GNR) Committee is the key body on Council in this process. Section 9 of the CHOICE (ACA) Constitution sets out the processes for election, appointment, nomination and retirement of Councillors. This paper is intended to provide further detail for one part of those processes. It does not attempt to cover every eventuality, leaving the Chairs of Council and the GNR Committee to recommend the appropriate governance action to Council if it is not specified here.

The process described below acknowledges that the CHOICE (ACA) Constitution allows for any voting member of the Australian Consumers' Association to nominate for election to Council, provided they meet the constitutional requirements. This Constitutional provision is part of the democratic balance of powers in the Constitution which allows the voting membership to maintain appropriate input to the structure and control of CHOICE (ACA).

Timing and Identification of Vacancies

- The GNR Committee should inform itself before the middle of the year of the election timetable for that particular year. This timetable sets out the key dates in the election process, such as the day nominations close. This information is essential to ensure that the following process is completed in time.
- The GNR Committee should identify which Councillors will be required to stand for election that year and whether there are likely to be any retirements - compulsory or otherwise.

Possible Conflict of Interest on the GNR Committee

- Should the term of a Member of the GNR Committee be ending and they intend standing for re-election, that Member should not be involved in this governance process, to ensure there is no conflict of interest.
- The Chair of Council will normally be a member of the GNR Committee. Should the term of the Chair of Council be ending and they intend standing for re-election, they should not be involved in the process of selection of candidates. However, the Council and/or GNR Committee may decide to include the Chair of Council in determining the skills sets required. The reason for this being that the Chair has a unique responsibility to provide continuity in overseeing the welfare of the Council, particularly in its balance of skills.
- Any member of the GNR Committee who is retiring and not standing for election should remain on the Committee, as there is no conflict of interest. *

TWO PROCESSES

- There are two processes which Council should follow - one involves evaluation of the performance of existing Councillors who are standing for re-election, and the second involves finding suitable new candidates to replace retiring Councillors.

A. Evaluation of Councillors Standing for Re-election

- Council has established a separate process for annual evaluation of itself, which includes individual and overall Council performance. Ideally, this evaluation should take place prior to the Council meeting which is held approximately three months before the AGM. This meeting, (usually held August/September), is when Council should be receiving and accepting recommendations re the election from the GNR Committee. Evaluation results for existing Councillors who are standing for re-election need to be integrated into the GNR and Council's preferred list of candidates.
- Should the evaluation of Councillors raise questions about the suitability of current Councillor/s for re-election, the Chairs of Council and of the GNR Committee must determine a process for managing this eventuality.

B. Search for Replacement Councillors

Skills Audit

- The Committee should undertake a skills audit of Council, assessing any skills or experience in which the Council might be deficient against a desired profile or balance of Council skills.

Council accepted Cameron Ralph's recommendation (5.1) which says, *Mix of Council should aim for at least half with extensive commercial/publishing/marketing skills and half with consumer/ advocacy/ political skills.*

- The GNR Committee should recommend to Council a set of skills which will guide the Committee's search for any new Councillor/s. Council to approve skills set/s.

Search for Potential Candidates

- The GNR Committee should undertake a search to address the approved skills set/s and develop a list of names, with CV information. As well, Council Members should be invited to suggest names which fit the skills set/s to the GNR Committee, so these names can be added to the GNR Committee's list.

All names must remain strictly confidential, and no approach on any basis should be made by a Councillor to any person whom they are suggesting for the GNR Committee's list - this includes asking the person if they would be available to stand.

- The GNR Committee should establish a short list of possible candidates to fill any vacancy/s and determine the appropriate way to approach the top candidate, (or candidates in the case of more than one vacancy), as to whether they might be interested in standing. There is of course some delicacy and diplomacy required by the GNR Committee in this process. Care should also be taken to ensure that potential candidates fully understand the process which is occurring.

- Having determined the interest and availability of the candidate or candidates they are recommending, the GNR Committee should put the name, or names, to Council for their agreement.
- The GNR Committee should ensure that once potential candidate/s are finalized that, if they are not already voting Members of CHOICE, candidates apply to become voting members in time to be accepted as members by Council at a meeting before nominations close.

**This paper does not describe a process if all or most of the GNR Committee are standing for re-election, or if the Chair of the Committee is in this position. The principles set out above should be sufficient for the Council and/or GNR Committee to decide on an appropriate process should these situations occur.*