



ENGINEERS
AUSTRALIA

Explanatory statement

Director tenure member ballot

Background to amendments

On the approval of the granting of the seventh Supplemental Charter in 2015, Engineers Australia (EA) established a new governance model whereby a professional Board of Directors was established to replace the former Council, which had operated for many years prior to the approval of the new governance model.

In addition to the Board, a fundamental requirement of the new 2015 model was the establishment of the National Congress, the powers of which are set out at clause 7 of the Royal Charter and include:

- (a) the election of the members of the Board
- (b) to petition for the alteration of this charter and to alter the by-laws
- (d) to give advice and counsel to the Board about the manner in which the Board carries out its responsibilities.

National Congress membership includes delegates from each Division, each College, the Technical Societies and national committees, Young Engineers Australia, Women in Engineering, a representative of the International Chapters and the elected directors of the Board. In all there are 32 members of National Congress in 2022 representing the members of EA in all states and territories and from each of the professional categories.

At the instigation of National Congress in 2019, a review was undertaken to establish whether EA's model of electing directors and maintaining the Board remained fit for purpose. It was concluded that two changes would provide better governance outcomes for EA:

- 1) to increase the director tenure
- 2) to enable the Delegates to National Congress to appoint and/or elect the directors who are eligible for a second term.

It was considered these changes:

- (a) will resolve the existing challenge around short term EA Board tenure, which under the current model, averages less than three years
- (b) will allow National Congress to devote more productive time in its role of providing advice and counsel to the Board.
- (c) by increasing director tenure to four years, would more closely align to the implementation of EA's strategic plan on an on-going basis
- (d) would avoid the necessity of an election where National Congress, in its sole discretion, considers the appointment of a director for a second term to be in the best interests of EA.

A fundamental principle of the old model is that the National Congress Delegates elected the Directors even to the extent that casual vacancies are elected by National Congress. This principle is retained in the new model and extended to enable the National Congress to appoint a sitting director to a second term without the need for an election. This will occur at the sole discretion of National Congress where the delegates are of the view that the performance of the director during the first term warrants the further appointment, and that the appointment is in the best interests of EA.

The proposed amendments to the governance model were approved by National Congress in May 2022.

Member ballot

Pursuant to Clauses 10 and 12 of the Charter, a Membership Ballot is required to amend the Charter and by-laws. The conduct of the membership ballot is set out at clause 21 of the by-laws.

Resolution

That the tenure of Board directors elected by the members of National Congress be extended from three to four years and that the National Congress is empowered to appoint and/or elect a director to a second term at its sole discretion.

Cases for and against

The cases supporting the resolution and the cases against in the form of the most frequently asked questions, are set out at Attachment 1 to this Explanatory Statement.

Detail of the amendments

A "marked-up" version of the proposed amendments to the By-laws is at Attachment 2 to this Explanatory Statement.

Explanation of amendments

A Schedule of Amendments with the reason for the amendment is set out at Attachment 3 to this Explanatory Statement.