



ENGINEERS
AUSTRALIA

Member Ballot – Frequently Asked Questions

Why are we having a member ballot?

We are proposing two changes to the rules governing Engineers Australia (i.e. our Royal Charter and By-laws) and this requires a ballot of voting members.

What is the main change being proposed?

We are asking members to vote in favour of a model of director tenure of up to two consecutive terms of four years, with director elections being held every second year.

What is the current term of a Board director?

Directors can currently serve two consecutive terms of three years, and director elections are held every year.

Who elects the directors?

National Congress Delegates currently elect two directors each year. Any voting member of Engineers Australia can nominate to be a director.

Are any other changes proposed?

Yes. In addition to electing directors, we propose that National Congress can (at its absolute discretion) appoint a high performing director for a second term without the need for an election.

The exclusive role of National Congress to elect six core directors remains unaltered.

What is the problem? Why are these changes proposed?

National Congress observed that regular turnover of directors, which under the current model results in an average Board tenure of less than 3 years, adversely impacts:

- the smooth functioning and performance of the Board, especially when one considers the time taken for a new Director to get across the workings of a complex, member based organisation such as EA,

- the working relationship between the Board and National Congress,
- the consistency and effectiveness of management direction and oversight,
- the brand of EA with unsuccessful candidates in director elections, and
- the readiness of directors to assume the role of National President and Chair of the Board.

Who is advocating for these changes – National Congress or directors?

The review of EA's governance arrangements, which has generated the recommended changes, was initiated by National Congress in November 2019. This is consistent with EA's periodic review of governance arrangements to ensure they remain best practice and fit for purpose.

Congress gave final approval to the proposed changes at its meeting in May 2022 and is advocating these changes to members.

What is National Congress?

National Congress represents you, the members of EA. The membership of National Congress 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 2022, there are 32 members of National Congress representing all states and territories and all professional categories.

What does the Board do?

The Board is Engineers Australia's governing body, responsible for governance and management. It appoints and monitors the performance of the Chief Executive Officer (CEO), sets regulations, policies, and strategic directions, and monitors the organisation's financial sustainability, performance and compliance. Day-to-day management of EA is delegated by the Board to the CEO.

Engineers Australia has a skills-based, professional board that is remunerated.

Are there engineers on the Board?

The transition that Engineers Australia made in 2015 from a National Council to a professional governing board has attracted a diverse pool of high calibre candidates and enhanced governance practices. EA has benefited from the appointment by National Congress of a collegiate board of non-executive directors with a broad range of complementary skillsets and experience. All the directors elected by National Congress have professional engineering qualifications and experience.

What is the case in favour of the proposed changes? What will the benefits be?

If the proposed changes are endorsed by members, the benefits will include:

- more time for National Congress to do its work more efficiently, in particular to meet its obligation to provide advice and counsel to the Board

- more stable relationships and leverage of the collective talent of the Board and National Congress
- more consistent oversight of management and strategy execution
- avoidance of short-term thinking or departure from our multi-year strategy, e.g, EA's digital strategy has a five-year horizon, yet our director tenure is currently only three years.

What is the case against the proposed changes?

Voting against the proposed changes maintains the status quo and Engineers Australia will continue to follow current practices. Members may gain comfort in avoiding change.

Will the proposed changes to a 2 year election cycle disenfranchise those National Congress Delegates whose term does not align with the new election cycle

If these changes are passed, then the existing term of National Congress Delegates will be reviewed

What is the desired outcome?

If the proposed changes are made, the outcome will be maintenance of a "high performing board" which is, in part, based on consistent involvement of high calibre directors, providing complementary skill sets, operating in an informed and collegiate manner. This requires a longer period of tenure than presently occurs.

What is currently best practice in relation to director tenure?

The Australian Institute of Company Directors reports that eight to 10 years is typically considered the optimum director tenure.

How can we be confident directors are performing?

As a professional board, directors carry significant responsibility and liability, and take their duties seriously. It is also the responsibility of the Chair to oversee and manage board performance. Each year, the Board undertakes a professionally facilitated and formal performance review against its Work and Governance Plans, assessing the Board's performance as a whole and that of each director. The outcomes inform continuous improvements reflected in the Work and Governance Plans. National Congress is also advised of the outcomes.

Ultimately, the performance of the Board is reflected in the performance of Engineers Australia over time and the improvements made in the delivery of services to members, the profession and society.

How does the ballot work?

The ballot of voting members will open on 1 September and close on 30 September 2022. Members will be sent an invitation to vote via email along with answers to frequently asked questions. The voting link will also be on EA's website in September.

A Membership Resolution is passed (i.e. a proposed change is accepted) if at least 5% of voting members vote in the ballot and a majority of those votes are cast in favour of the resolution.

The Board is required to publish cases both in support and against the proposed changes. Any cases received against the proposed changes will be published on EA's website. Members will be advised of the outcome of the ballot in October.

The amendments to the By-laws do not take effect until approved by the Governor-General and Engineers Australia must publish the amendments approved by the Governor-General in the Commonwealth of Australia Gazette.

Engineers Australia by membership resolution will petition the Governor-General to amend the 2015 charter and issue a further supplemental charter.