

# boardroom



## PLOTTING YOUR PATH FOR 2016

*What are the top five issues?*

**IWI COMMERCE – TAKING UP A NEW CHALLENGE**

**IoD LEADERSHIP CONFERENCE 2016**

Drones - what's the buzz?

CSR - the gift that gives back

Stakeholders on the Chartered Membership pathway

Women of Influence Diversity winner

Strategic thinking pays off for tourism SMEs





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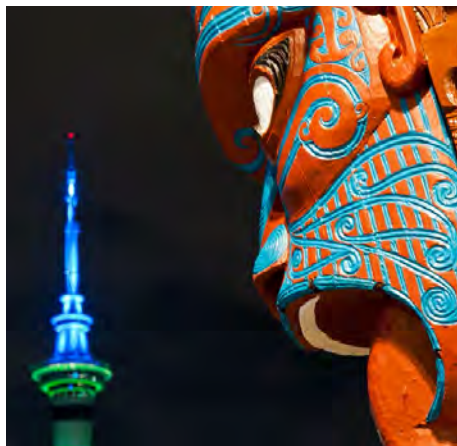
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## boardroom

**LEADING PERFORMERS CHANGING THE GAME**  
THE IOD CELEBRATES

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TRIBUTE TO DR WILLIAM WHITTAKER  
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Corporate business practices go rural

Opportunities for directors

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**LEADING PERFORMERS CHANGING THE GAME**  
THE IOD CELEBRATES

27 Wanted - IoD directors



## CEO REPORT

# Seizing the moment



Steven Sasson isn't the household name he could have been. Forty years ago he invented the world's first digital camera for Kodak. It was slow and bulky, but it was also a revolutionary disruption in photography. Then, Kodak made a fatal decision and shelved the prototype. When Kodak finally entered the digital market in 2004 it was too late. The company filed for bankruptcy in 2012.

Kodak probably considered itself an innovative company at the time. It invested hugely in research and development, but was let down by decision-makers who failed to see how technology would change their market.

The impact of change on existing business models is a theme of business life. Many companies that were once household names have been swept away by their failure to adapt. Disruptive technology rewards those that are ahead of the game.

Not surprisingly, nearly half of those surveyed in our recent IoD/NZIER Director Sentiment Survey said they expect to face major technological and business disruption within the next two years.

So how can organisations make that disruptive force of change work for them? Informed leadership and a genuinely diverse board of directors are an excellent start. Diversity on the board is becoming more critical if organisations want to pinpoint the risks and opportunities of disruptive change.

Disruption will impact board composition in the 21st century as new capabilities such as

strategic digital thinking become prized. But this doesn't mean a board should appoint a technology whiz kid to their ranks and breathe a sigh of relief. The fundamental skills of the director to balance strategy and risk for long-term value creation are as important as ever. Digital strategy is simply taking its place at the board table.

True commitment to diversity means making bold choices when it comes to appointing directors. That includes recognising that unconscious bias may lead us to appoint people just like ourselves. It means using search firms that find new faces, and being more open to first-time directors or directors from outside the industry. Outsiders could be the ones to ask the most challenging questions or to see a blind spot. A commentator at the NACD Global Leaders Summit recently said the best way to think outside the box is to be from outside the box.

Knowledge is power when dealing with change, and the IoD is focused on keeping membership informed. The Governance Leadership Centre has provided guidance on issues such as cyber-risk as well as changes driven by legislative reform. We are currently working with the Ministry of Business, Innovation and Employment to provide updated guidelines on governance best practice in health and safety.

Change is looming large in the not-for-profit world as well. The recent release of the new Incorporated Societies Bill and the Ministry of Social Development Community Investment Strategy will have big impacts. We will be keeping you informed and

contributing to submissions on the Bill. We support the strengthened governance provisions, particularly a new list of officers' duties along the lines of directors' duties in the Companies Act 1993.

Our newest offering reflects the growth of Māori and iwi-based commerce. Over the next 20 years, New Zealand business will be reshaped by the phenomenal growth of this force. The IoD is proud to be part of this force for change. Soon we will be launching Te Pae Hihiri Māori Governance – Navigating the Future. A foundation course, it has been created for those involved in Māori governance, blending best practice with tikanga Māori.

Constant change is also the theme of the 2016 IoD Leadership Conference. Our fourth national conference promises a focus on key areas such as technology, sustainability, business thinking, and health and safety. Addressing these critical topics, we have a line up of international and local speakers to challenge your thinking and stimulate discussion.

Our branches remain as vibrant as ever. As a member you are always welcome at our events. You are part of the home of the governance community.

As ever, the end of year comes upon us at surprising pace. I would like to thank the IoD National Council, Branch Committees, IoD membership and the IoD team for their support. I wish you and your loved ones safe travels and a relaxing break over the summer holidays.

# Upfront

## MOVING ON

*The IoD congratulates the following members on these board appointments:*

Chartered Fellow Michael Spaans has been elected Chair of Dairy NZ.

Dame Therese Walsh has been appointed a director of ASB Bank. She was most recently head of New Zealand for the Cricket World Cup 2015 and was previously the chief operating officer for Rugby NZ 2011.

Brett Hewlett was elected as the new chair of economic development organisation, Priority One. He was also recently appointed a director on the board of SeaDragon.

NZISM has appointed a new chair, Samantha Sharif, to lead its Advisory Board.

Victoria Crone has been appointed a director on the board of Contact Energy.

Australasian private integrated property group, Vinta, has appointed Chartered Member Fiona Oliver as the Chair of its Fund Management (NZ) Board.

## Te Pae Hihiri Māori governance – Navigating the Future launches early 2016

Meaning dedication and a long journey, Te Pae Hihiri, a day-long course draws on the fundamentals of governance best practice.

A pilot course of Te Pae Hihiri launched in October 2015 to warm and constructive feedback from course participants. IoD Ltd Acting General Manager Commercial Helena Gibson reports that there is already

keen interest in Te Pae Hihiri, which will be launching early in the new year.

IoD Ltd Acting General Manager Helena Gibson reports that there is already keen interest in Te Pae Hihiri, which will be launching in the new year.

## Women of Influence Awards 2015

We warmly congratulate Joan Withers, this year's Women of Influence Supreme Award Winner. A Chartered Fellow of the IoD, Joan won the award for her dedication in championing board diversity. She is currently chair of Mighty River Power and TVNZ, a director of ANZ, and a member of the Treasury Advisory Board.



Joan Withers



Colonel Karyn Thompson

Colonel Karyn Thompson won the Diversity category for her work as the most senior military woman in the New Zealand Defence Force. She has been a strong advocate for a better gender balance in the military. Read her story in this issue, p27.

## IoD BY NUMBERS\*

# 7200

members as at  
31 October 2015

# 820

respondents to the  
IoD/NZIER Director  
Sentiment Survey

# 120

course participants on  
the Company Directors'  
Courses in November

# 100%

positive feedback on  
the Public Company  
Directorship Course

## The internet never sleeps...

Nor does it go on holiday which makes the summer break the perfect time to catch up with Director Development's online learning modules. Each has been designed to be informative, interactive and will allow you to study any where and any time. Topics covered are:



### **3 DIRECTORS' & OFFICERS' INSURANCE.**

Newly launched, this 30- to 60-minute module will help you to understand your liabilities, the typical components of a directors' and officers' (D&O) insurance policy, plus how to evaluate your own cover needs and how to seek cover.



### **5 HEALTH AND SAFETY GOVERNANCE**

This timely one to two hour module is based on the IoD's guidance on health and safety governance and directors' legislative duties. Topics covered include the role of a director in establishing and monitoring best practice in health and safety, directors' duties and diligence, and changing legislation.



### **5 ETHICS – HOW DIRECTORS DO BUSINESS**

Explore how ethics can shape the way you do business and add to your reputation. Principled practices are fundamental to good governance, and an ethical culture is simply good business. Among the themes explored are how ethics affects business culture, and the elements of an effective culture programme.

*For details of all courses and to register, visit [iod.org.nz](http://iod.org.nz)*

## Summer break

*IoD National Office will be closed over the Christmas break from midday 24 December and will re-open on 5 January 2016*

The Director Development programme restarts on 16 February 2016 in Auckland with Governance Essentials, followed by Finance Essentials and Chairing the Board on 17 February (also in Auckland). To plan your professional development for the year ahead, check out the Director Development brochure or visit [iod.org.nz](http://iod.org.nz)

**For branch events, check the branch pages of [iod.org.nz](http://iod.org.nz) for updates to the events programme in your region.**

## In sympathy

The IoD would like to offer its sympathy to the family and friends of IoD Distinguished Fellow Colin Beyer who died on 21 August 2015, aged 76. A partner with Simpson Grierson, Colin was also a past chair of the Accident Compensation Commission and the Tower Corporation. He was also a Securities Commissioner on the Securities Commission of New Zealand.

*directorRem*

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60%

of directors say they have the capability to comply with the new legislation

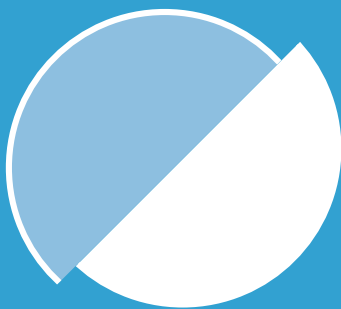


60%

of boards agree diversity is a key consideration

# What's top of mind for New Zealand directors?

*The IoD's Governance Leadership Centre (GLC) joined with New Zealand Institute of Economic Research (NZIER) to canvas directors' views on business, economic and governance issues from a range of sectors, industries and boards.*



47%

expect to face major disruption within the next two years



73%

of directors are spending more time on risk than a year ago



27%

of boards say they regularly discuss cyber risk



The IoD NZIER Sentiment Survey, designed to take the pulse of the director community, says technological and business disruption, and the time spent on risk oversight are key challenges for directors.

Most directors (**73%**) are spending more time on risk than a year ago, yet only half say they have the capacity to deal with increasing business complexity. **47%** expect to face major disruption within the next two years.

IoD Chief Executive Simon Arcus says disruption will happen, it's not a case of if but when, and directors being involved in the conversation is good news.

"Developing board and organisational capability are areas of focus for directors to ensure organisations are resilient, so it is pleasing to see that **60%** of boards agree diversity is a key consideration and **62%** regularly discuss composition for the future," he says.

"Diversity remains a big issue for New Zealand boards and something they need to be thinking about in terms of their board composition. Diversity of thought and experience brings a broad range of perspectives to the boardroom and increases the potential for successful and effective risk oversight."

Directors are somewhat less optimistic about economic performance than a year ago but are still buoyant about business performance. They see global growth, labour quality and red tape as the main barriers to business and economic performance. The results show **67%** expect the performance of their company to improve, down from **71%** in 2014, while **35%** expect the New Zealand economy to improve, down from **47%** in 2014.

NZIER Chief Executive Laurence Kubiak highlights concern shown by many directors about the global economy.

"There have been increasing concerns about the growth outlook of China, which is a key market for many of our businesses."

Nonetheless, directors were more positive about the New Zealand economy than businesses surveyed in NZIER's latest Quarterly Survey of Business Opinion.

"More recent developments show an improvement in economic conditions, and that has likely improved directors' confidence about the economy."

Directors are answerable for the decisions they make, and balancing authority and accountability is an on-going tension that needs to be managed. In 2014 **57%** of respondents said greater personal liability had made them more risk adverse with decision-making – this dropped to **47%** in 2015.

"This is positive as greater risk aversion can impede performance," IoD Governance Leadership Centre (GLC) Manager Felicity Caird says.

"If a business is to grow, risk is unavoidable. The challenge is striking the right balance between holding a business to account and empowering leaders to take risks and drive performance."

Business disruption through technology has featured as one of the top ten organisational risks for the first time. In addition nearly half of directors surveyed think their industry will be affected by major/disruptive change in the next two years.

"Technology has created opportunities for new business models, but also poses a threat to traditional businesses as we have seen with disruptions such as Uber and Airbnb." Laurence says.

Further to this, just **27%** of boards regularly discuss cyber-risk and are confident about their company's capacity to respond to an attack or incident.

*"Technology has created opportunities for new business models, but also poses a threat to traditional businesses as we have seen with disruptions such as Uber and Airbnb."*

"It is going to be a big question for the future. Most businesses use or rely on technology to operate – cyber-risk is a reality of our times – so the ability of boards to consider it as part of enterprise risk is critical in ensuring directors are confident about business resilience," says Simon.

The IoD is pleased to see the improvement in health and safety governance, with a rise in awareness and tackling of issues by directors. **60%** saying they have the capability to comply with the new legislation, up from **51%** in 2014. This is a welcome indicator of health and safety leadership in the boardroom, with just **8%** saying they were not ready. **32%** were unsure.

"With new health and safety legislation coming into force in April 2016, we know this is on directors' minds and we would expect to see a rise in confidence on these issues."

#### **MORE INFORMATION**

**The survey was conducted in October 2015 by the IoD and involved 820 IoD members. For the full report and video commentary, see [iod.org.nz](http://iod.org.nz).**

**The GLC will continue to look at issues that are important to directors through future surveys.**



2017

Trust & Transparency

Health & Safety

Business Sustainability

Digital Leadership

Talent & People

2016

# PLOTTING YOUR PATH FOR 2016

*Governance is about planning for the future. Taking a long view of the year ahead, Governance Leadership Centre Manager Felicity Caird identifies the five key issues that should be on every boardroom agenda*





## LONG-TERM BUSINESS SUSTAINABILITY

### Board capability and diversity are key

Navigating the way forward promises to be a challenge with greater business complexity and potential disruption. Boards need to understand the business model and the drivers of sustainable value to ensure they both survive and thrive in the long-term.

Strategy and risk oversight are how directors add value – this is proving to be of critical importance now. **73%** of boards surveyed in the Director Sentiment Survey said that they are spending more time on risk oversight now than a year ago. Conversely, most boards (**79%**) are also looking at the long-term sustainability of their business models. However, only about half regularly discuss succession planning for the CEO and key staff.

Good quality directors and board members, with diversity of appropriate capability and experience are critical for long-term business sustainability. Diverse skills such as digital leadership capability and deeper consumer knowledge are driving shifts in board composition.

A particular issue for not-for-profit, non-government organisation (NGO) boards is changing funding models. Funding of NGOs under the government's Investing in Services for Outcomes (ISO) programme and Community Investment Strategy, will be targeted at the achievement of specific outcomes and results, which also aim to streamline funding and contracting. These boards need to be clear about what they are achieving and the difference they make to enable long-term sustainability.

### ▲ TIPS FOR DIRECTORS:

- take the helicopter view and ensure strategy is always on the board agenda
- ensure board risk capability is fit for future purpose – is there enough diversity to ensure broad and variable perspectives?
- be clear about how success will be measured – and also for not-for-profits what impacts or outcomes are achieved
- prioritise succession planning for both the board and key staff.



## TRUST AND TRANSPARENCY

### Is more holistic reporting needed?

Public trust in companies and boards takes decades to build and just seconds to destroy. Financial collapse, environmental scandal, unethical behaviour and harmful products are driving demands for greater corporate transparency. Consumers and investors want to know the origins and composition (including the supply chain) of products to ensure, for example, that they are not buying products of child labour or environmental damage. Global expectations for more holistic corporate reporting are on the rise.

Financial information doesn't tell the whole story, so we are seeing more reporting on environmental, social and governance (ESG) strategy and risks, and sustainability. Having gained influence and traction in a number of countries, non-financial reporting such as ESG and Integrated Reporting is gaining greater prominence in New Zealand.

NZX is asking for feedback on its corporate governance reporting review about introducing ESG reporting for listed companies (main board). The New Zealand Corporate Governance Forum (a group of institutional investors) launched guidelines in July 2015 so boards of listed companies should do an integrated report.

### ▲ TIPS FOR DIRECTORS:

- discuss corporate transparency and what it means for your business
- what are the risks and opportunities?
- what do your investors and consumers need and want to know?
- look at international, industry and competitor developments and trends in reporting.



## LEADING IN A DIGITAL WORLD

### Opportunities and risks abound

We live in a digital world where technology, cyber-space and the Internet of Things bring great opportunities and great risks. Technological change and innovation are transforming businesses and industries – both in the customer experience and the way organisations deliver their products and services; Think - Uber and a future with driverless cars.

Major, disruptive change is expected by nearly half of surveyed directors. Businesses may be on top of New Zealand today and either top of the world or tumbling in five years' time. Boards need to focus on strategic risks, asking what could disrupt their core strategy and objectives. Taking this view opens up new opportunities and risk.

Most organisations use or rely on technology to operate, and cyber risk is a reality of doing business today. Boards need to approach cybersecurity as an enterprise-wide issue – not just an IT issue. It is concerning that only **27%** of boards are regularly discussing cyber-risk and are confident about their capacity to respond to a cyber-attack or incident. This needs to change – the board's role in technology governance is about leadership in a fundamentally different era and understanding a new landscape of opportunities and risks.

### ▲ TIPS FOR DIRECTORS:

- think about business and technology in an integrated context – in terms of strategy, opportunities and risks
- ensure you have the right board and the management skills and experience for current and future needs
- put cyber-security on the agenda before it becomes the agenda
- ensure the board has the skills and experience to ask management the right questions to ensure confidence in the organisation's cyber resilience.
- use the framework in the IoD's *Cyber-Risk Practice Guide* to help monitor cyber risk and develop strategies for management.



## TALENT AND PEOPLE

### He tangata.

The Māori response to ‘what is the most important thing?’ is: He tangata. He tangata. He tangata. It is people. It is people. It is people.

It’s not surprising that directors identified people, labour quality and capability as the biggest risk to their organisation in both the 2014 and 2015 IoD NZIER Director Sentiment Surveys. Boardroom discussions about people, culture and behaviour are focusing on not just what we do but how we do it. Attracting, retaining and developing talent – the best and the right people – and ensuring a strong cultural fit drive high productivity and performance.

The intergenerational workplace includes a range of expectations and needs. Adding to this, expectations of career development, job progression and culture are changing across generations.

The board’s role in strategic talent management is to ensure the organisation does the right things for its people now and for long-term future success.

### ▲ TIPS FOR DIRECTORS:

- consider development needs and expectations of the intergenerational workforce
- ensure you understand what will attract the next generation of work-ready talent to your organisation – be aware of unconscious bias so you can access the widest talent pool
- ensure an effective talent pipeline and prioritise succession planning and strategies.



## HEALTH AND SAFETY LEADERSHIP

### Driving a new culture

The Health and Safety at Work Act 2015 comes into effect on 4 April 2016. The Act aims to improve New Zealand’s workplace health and safety by creating a proactive partnership between employers and workers.

The board’s role is to lead and foster an effective health and safety culture. Directors need to understand the health and safety risks in the organisation they govern – this is a fundamental part of risk management and should be no different to managing other risks, such as financial or business risks.

60% of directors in the 2015 Director Sentiment Survey said their boards were ready for the new Act. This is a step up from 51% in 2014 and shows health and safety leadership is gaining traction in the boardroom – we expect this trend to continue.

The main duty of care for the health and safety of workers still lies with the company. A director’s duty as an officer of a Person Conducting a Business or Undertaking (PCBU) is to exercise due diligence to ensure that the company meets its health and safety obligations. The Good Governance Practices Guidelines are being updated to reflect the new Act. They set out what health and safety leadership means and provide a framework for directors to exercise due diligence.

### ▲ TIPS FOR DIRECTORS:

- prioritise health and safety leadership, including worker engagement and the building an effective safety culture in the workplace
- be proactive, actively engaged, informed and responsive about health and safety risks, trends, audits and investigations.
- check out the health and safety governance resources at [iod.org.nz](http://iod.org.nz).

## NZX REVIEWING CORPORATE GOVERNANCE REPORTING REQUIREMENTS

NZX is seeking submissions by 29 January 2016 on its review of corporate governance reporting requirements under the Main Board Listing Rules.

Due to the current fragmentation of corporate governance guidance (in particular FMA, ASX, NZ Corporate Governance Forum) NZX proposes using the FMA principles (in conjunction with the ASX Corporate Governance Council’s approach) as a basis for its revised reporting regime.

### Key proposals include:

- a tiered reporting regime: principles, recommendations and commentary on best practice
- the introduction of ‘comply or explain’ for recommendations
- whether additional disclosure and reporting on ESG (environment, social and governance) risks should be introduced.

## A NEW INCORPORATED SOCIETIES ACT

In November the government released an exposure draft of the Incorporated Societies Bill, asking for submissions by 30 June 2016. With over 23,000 incorporated societies in New Zealand, updating the 1908 Act on governance and administration matters is an important step for the future of the not-for-profit sector. We will provide members with an overview of the Bill in early 2016.

## GOVERNANCE LEADERSHIP CENTRE

The IoD aims to raise the standard of governance in all areas of New Zealand business and society. The GLC aim to foster discussion on governance best practice and emerging issues through articles such as this one. For more articles, resources, directorsbriefs on topical issues and IoD submissions on legislative and regulatory matters visit Governance Resources at [iod.org.nz](http://iod.org.nz)



# Trans-Pacific Partnership – not just for big business

*Seven years, 12 nations, and one free trade agreement later – New Zealand has emerged from Atlanta with significant gains for exporters, as outside of some dairy products and beef into Japan, 97% of tariffs are set to be eliminated between member nations. By Liam Macandrew*

It's not just big exporters who should be cashing in on the opportunities offered by the Trans-Pacific Partnership (TPP), says New Zealand Institute of Economic Research (NZIER) deputy chief executive John Ballingall.

“Small and medium enterprises (SMEs) have a lot to gain from TPP as it takes steps to integrate them into the global economy by offering better access to foreign investment, lower transactions costs between their products and consumers, and additional markets to reduce and spread risk.

“Global trade means products go through many markets before reaching the consumer – what the TPP does is remove some of the grit in the wheels of the Asia-Pacific supply chain, dropping the transaction costs and allowing better access to consumers.”

SMEs make up about **97%** of businesses in New Zealand according to the Ministry of Business, Innovation and Employment's Small Business Sector Report, and release of the full TPP text shows these businesses will be well supported to take advantage of the trade deal.

“Each member has made a commitment of resources to support SMEs, and businesses should be looking to take advantage of this. An SME committee will be established, while each country will design a website to help these businesses look into new opportunities.”

## **SIGNIFICANT BENEFITS PROMISED**

Collectively the 12 member nations represent \$27 trillion in GDP, or **36%** of the global economy.

Access to these markets will deliver significant benefits according to Trade

Minister Tim Groser. Current estimates suggest that the agreement will offer a \$2.3 billion boost to the New Zealand economy per year by 2030.

“TPP breaks new ground for us. It is our first FTA relationship with the United States – the world's biggest consumer market,” he says.

“While many businesses have spent the last seven years establishing themselves in China, this new agreement creates an opportunity for businesses to re-orientate themselves towards the Asia-Pacific market and diversify their investments,” says John.

How an SME should react will vary depending upon whether it provides a product, service or acts as an investor – but the questions are similar, coming down to how it is affected by TPP, and whether competitors are inside a member nation.

## **THINK BEYOND YOUR OWN PATCH**

David Glover, the founder of Creative Strategies, a business that helps SMEs grow and learn to export, says for many of New Zealand's SMEs now is the time to start thinking beyond your local patch as “it's better to team up with your competitors to conquer the world than fight over a biscuit.”

“We know it works well when New Zealand companies come together to push a united story. It's a big playing field out there and there is no need to do it on your own.

“There are pathways open both privately and through government for co-operation, and SMEs should approach the idea with serious consideration.”

David also says directors of SMEs should be cautious of resting on their laurels

***“It's better to team up with your competitors to conquer the world than fight over a biscuit.”***

as TPP is a two-way street – “just as we have greater access to the markets of member nations, they too have greater access to the New Zealand market.

“Look over your shoulder because overseas competition won't be far behind, the agreement should act as a real call to arms for SMEs.”

## **HALO EFFECT**

Many benefits from TPP for SMEs will come to light as a halo effect rather than directly, says David, so it will take initiative to enjoy any new opportunities that arise.

Despite the controversy that has plagued TPP, John says the agreement will be positive and the released text shows governments have listened to their people.

“One of the areas that has been most controversial have been investor-state disputes. Learning from Australia, tobacco companies have been excluded from the TPP. The agreement has reached a careful balance between allowing members the ability to legislate around public health and safety, and giving investors the security to confidently enter foreign markets.

“This is the largest free trade agreement we have seen in 20 years. Many others have stalled, so it is excellent to see an agreement reached between nations with such strong and differing agendas.”

# Spreading her wings

*Australian director Dr Kirstin Ferguson is an expert in safety leadership in the boardroom and for senior executives. She tells Amy Williams how her experience in the military and mining industry shaped her career path.*



The Air Force is where Dr Kirstin Ferguson first spread her wings as a leader.

Talking to *boardroom* from Brisbane, she laughs when she recalls telling her high school careers counsellor she wanted to join the military. It was the first time a student from her all-girls' school had ever expressed such an aspiration.

Not easily deterred, Dr Ferguson thought it would be a good challenge, and joined the Royal Australian Air Force (RAAF) as a 17 year old in the early 1990s.

She was one of very few female cadets at the Australian Defence Force Academy (ADFA) at that time.

"I really loved the time I spent in the military – I think it teaches you a lot about resilience, adaptability and leadership, and not being afraid of making brave decisions," Dr Ferguson says.

She graduated as the most senior female cadet in the academy and Dux of her RAAF class.

When she was 21 years old the RAAF posted her to Queensland, and

within two days on the base she met her husband in true *Top Gun* style – he was flying the fighter jets.

It's a story their two teenage daughters never tire of hearing.

Fast forward to 2015, and Dr Ferguson has a PhD from the QUT Business School, where she is also an Adjunct Professor, and has earned many accolades – including being named one of Australia's 100 Women of Influence 2014 by the *Australian Financial Review*.

She is five years into a full-time non-executive director career, and already has a portfolio of directorships on ASX100, ASX200, private company, government enterprise and not-for-profit boards.

## SAFETY MATTERS

Dr Kirstin Ferguson would have a successful governance career without putting on a safety leadership hat.

But it's an area she is passionate about, having seen first-hand the difference effective safety leadership and safety governance makes when she was the

*"Simply complying with the law does not guarantee that everyone will go home safely at the end of the day."*

global chief executive of the safety and wellbeing consultancy Sentis.

"Travelling the world, going to mining sites and underground platinum mines was really formative in my understanding of how a company can be effective, or not, in managing safety," Dr Ferguson says.

"Those experiences, combined with my legal background and now PhD research, were critical in making me a better director when thinking about the role of the board in workplace health and safety."

She had gained an Honours degree in Arts while at the academy and later an Honours degree in Law, also becoming admitted as a solicitor. Her first career move off the Air Force base was at an



Australian law firm (where she spent eight years in senior executive roles).

While Dr Ferguson was at Sentis, she was invited to join her first board, and within two years another board came knocking.

It was then, at the end of 2010, that she decided to pursue a full-time governance career.

Not one to bite an apple and leave the core, Dr Ferguson began her PhD at the same time, focusing on the role of boards and senior executives in workplace health and safety.

“I was interested because there isn’t nearly enough recognition of the role a board plays beyond ensuring that a company complies with the law,” she says.

“In the boardroom we do set the safety culture of an organisation, either by the questions we’re asking or through not asking questions at all.

“I wanted to understand what effective safety governance looked like, and how concepts like safety leadership could apply to a board that is generally not involved in the day-to-day operations of the business. This is an area that had not been considered before.”

She set out the steps directors can take to ensure they are creating a culture of health and safety from the boardroom to the ground floor.

One of the most important elements is the relationship between the board members and senior executives.

Safety governance means directors need to look beyond mere compliance to consider the organisation’s vision and commitment to safety, agree on how to attain safety objectives, establish a framework for monitoring performance, and also ensure the organisation complies with the relevant safety legislation.

Her message has been popular, and she has been inundated with speaking engagements and opportunities to contribute her writing to industry journals.

#### CLOSE TO HOME

Workplace safety has certainly been a topic particularly close to New Zealanders’ hearts since 29 miners lost their lives in the Pike River Mine disaster in 2010.

In response, the country’s health and safety legislation came under the spotlight and in April 2016 the Health and Safety Reform Act will come into effect.

“New Zealand is where Australia was a few years ago. There’s a burning platform for change with the new legislation, and there is a huge level of awareness that boards need to be focused on safety.”

Dr Ferguson says boards tend to be compliance-driven when there’s a change in law, and safety leadership needs to go beyond that in order to be effective.

“Simply complying with the law does not guarantee everyone will go home safely at the end of the day.”

Dr Ferguson says that companies’ maturity in health and safety can also vary greatly and it is important to recognise the stage of safety governance maturity each company may be at to effectively influence change.

“Directors can sit on boards at different stages of health and safety maturity and that’s okay because it’s a change process and it takes time.”

#### LEADERSHIP

Diversity in the workplace is another change process Dr Ferguson is devoting time to.

She has always worked in male-dominated environments, but says she has never considered her gender to be a barrier. She has trail-blazed in areas she is proud of, including as the first female director of the Queensland Rugby Union.

“I’m all for appointments being made based on merit, but the statistics show that doesn’t seem to be happening when it comes to women. I’m very keen to address diversity, I’m just also very aware that diversity is more than gender. It’s also includes age, ethnicity,

*“I’m all for appointments being made based on merit, but the statistics show that doesn’t seem to be happening when it comes to women. I’m very keen to address diversity, I’m just also very aware that diversity is more than gender. It’s also includes age, ethnicity, professional experiences and physical ability.”*

professional experiences and physical ability. The best boards are diverse.”

Dr Ferguson also has an active presence on Twitter (@kirstin Ferguson).

“As directors, you need to be scanning online because conversations are happening whether you choose to listen or not.”

She says directors need to understand how Twitter operates in order to ask questions of management, and respond to crises as they occur.

“Unless you have witnessed a Twitter storm, it’s very difficult for you to make good decisions around how a crisis is handled. It becomes an issue of risk, branding and strategy. It may be management’s responsibility but strategy comes through the board.”

Not surprisingly, Dr Ferguson has more than 3000 followers on Twitter and more than 2000 on Linked In – just another avenue to spread her wings.

#### IoD LEADERSHIP CONFERENCE

**Dr Kirstin Ferguson will be giving a keynote address on ‘Beyond Compliance – Safety Leadership in the Boardroom’ at the IoD Leadership Conference, to be held at the Langham, 12-13 April, 2016.**

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- Dr Kirstin Ferguson, Australian leader in health and safety, who will draw on the Australian experience of health and safety reform to take us beyond compliance.

- Dr Jane Cherrington, founding partner of String Theory and The Briefing, who speaks on why we should be changing the rules of governance.

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# Putting New Zealand on the map

*Tapping into a tourism boom, an industry-wide strategy aims to grow tourism's size, value and profitability. By Amy Williams*





Kevin Bowler



Ryan Sanders



Jake Downing

Thirty years ago, the best crystal ball gazers could not have predicted people would visit New Zealand to see a movie set where hobbits roamed, or cartwheel down hills inside giant balls, or strap their feet to an elastic cord and jump off a bridge.

These quirky experiences, and the country's spectacular landscapes, are what attract tourists down-under.

Overall, the tourism sector is faring well considering it has come out of a lull that was prolonged by the global financial crisis.

International visitor arrivals are rising (up 8% in the past year) and the amount of money they're spending here has jumped 28% in the same period.

Those are the kind of numbers Tourism New Zealand likes, especially given it is overseeing Tourism 2025 – a strategic framework to improve the sector's economic performance.

When the framework was launched in 2014, it aimed to boost tourism revenue from \$24 billion to \$41 billion by 2025.

"The framework is a common understanding of where we are heading, with aspirational goals, and a common understanding of what we need in order to be successful," says Tourism New Zealand's new chief executive Kevin Bowler.

"The results are very, very good in terms of international visitors' performance."

The golden egg of the tourism industry is what international visitors are spending, and Kevin says the really good news is that this is increasing beyond actual visitor arrival numbers.

The numbers certainly suggest the Tourism 2025 framework has been more widely accepted than an earlier strategy which suffered from a lack of buy-in and confused ownership given three different organisations were tasked with implementing it.

A different tack was called for to create the Tourism 2025 framework. At Tourism New Zealand's behest, the Tourism Industry Association called in the private sector to develop a more economic-focused plan for growth.

The Tourism 2025 planning framework has five themes for tourism operators to work on to grow tourism's size, value and profitability; productivity, visitor experience, connectivity, insight and targeting value.

Like many sectors in New Zealand, the majority of tourism operators are small to medium sized businesses and many work with each other to deliver their Kiwi experience (think of tour operators who stop at a skydive venture).

Kevin says offering visitors the best New Zealand experience is one of the keys to unlocking more value.

"If I'm talking to a cross-section of the industry I'll focus my attention on talking about getting that visitor experience right," he says.

"For some it may be about how to optimise that experience for Chinese visitors when it may be slightly different to what the American or Australian tourists want."

For now, Tourism NZ can point to the numbers to show the Tourism 2025 strategy is paying off.

#### AT HOME IN HOBBITON

Running one of New Zealand's most popular tourist attractions wasn't part of Russell Alexander's original career plan.

Sir Peter Jackson came across the Alexander family's Matamata farm while scouting for locations for his *Lord of the Rings* film trilogy, and decided it was the perfect location for Hobbiton.

Construction on the movie set began in 1999, and filming took three months but it was clear the site was attracting interest.

***"It's really important that the industry has a voice and direction and aspirations about where it can go, because if you don't you end up fallen by the wayside without a voice."***

Hobbiton officially opened to the public as a tourist attraction in 2002 (it was later rebuilt for filming of *The Hobbit*).

Russell says it was an exciting opportunity for the family, who still operate the farm, and the number of visitors to the movie set has almost doubled every year to reach almost half a million this year.

"We keep developing the set to make it more authentic. If we can keep providing a better and better experience and develop the set to be the best it can possibly be, then more people will come to visit and the business will continue to grow," says Russell.

He's quick to point out the site is at capacity for visitor numbers, so the focus is on adding value for the visitors.

"We're doing the best we can to finish everything. We've hit the top of our growth cycle because the site can't handle any more."

Russell says improving the visitor experience is about providing visitors to the movie set with options such as staying for dinner, or taking a private tour.

He supports the Tourism 2025 framework and says the industry needs to work together.

"It's really important that the industry has a voice and direction and aspirations about where it can go, because if you don't you end up fallen by the wayside without a voice."

Hobbiton Movie Set is a joint venture between the Alexander and Jackson families, and is governed by a board of four directors (each family appointed two).

Alexander says the board has helped to manage the extraordinary growth of the tourist attraction, and been a good support to him.

“Hobbiton without the board wouldn’t be the success that it is today. There is a lot of experience in the board and knowledge that’s passed on.”

New experiences have been added over the years, including the Green Dragon Inn which is the meeting place for Hobbiton residents in the trilogy, and where visitors to the movie set can enjoy a pub-style meal and drink true to a hobbit’s taste. The business also recently opened a shop in Rotorua to meet demand for merchandise and information about the tours.

#### ADVENTURES IN BUSINESS

Haka Tours is on track to become a \$20 million company by 2020 – a goal its founder Ryan Sanders set when he began the business eight years ago.

An industrial psychologist by profession, Sanders was working overseas for a global bank when he came up with a business plan for a New Zealand tourism company.

He returned home and launched Haka Tours in 2007 to give international visitors the trip of a lifetime on small group, guided adventure, snow and mountain bike tours.

The innovative business model allows visitors to build, customise and manage their tours online. Sanders successfully expanded into upmarket backpacker accommodation in 2010, and recently opened the company’s fifth Haka Lodge in Taupo.

He wants the Haka brand to be synonymous with touring in New Zealand, and says building a scalable business is exciting.

Since it began, Haka Tours’ revenue has grown by 40% each year – the kind of growth that would keep most founders awake at night.

“I definitely see myself as an entrepreneur. I’m hugely risk-tolerant; nothing keeps me awake at night. I enjoy it,” Ryan says.

With a string of awards to its name, including Emerging Tourism Leader from the annual Tourism Industry Association awards, Haka Tours is one of the tourism industry’s darlings.

The company has grown to employ 55 people, with offices in Auckland and Christchurch, and with a turnover of \$5 million last year, Ryan says the business is in a strong position to sustain further growth.

He uses the Tourism 2025 framework’s five themes – productivity, visitor experience, connectivity, insight, and targeting value – as benchmarks for the business.

“It has helped us look at things we wouldn’t have looked at before. It is really important to flip the business perspective and look at it from a few different categories, as opposed to a purely balanced business model,” Ryan says.

He’s the sole shareholder and director of the company, but is keen to build a board of directors to help grow the company.

“It’s definitely getting to the stage where I’m thinking about what the governance will look like going forward.”

There’s no shortage of opportunity, and a recent deal with the Flight Centre means Haka Tours is being marketed to people who book holidays with the global travel agency.

#### CAVE DWELLERS

Weta Workshop’s fledgling tourism division is one of the company’s star performers.

The Oscar and Bafta-winning studio has designed and manufactured effects for the film and television industry for more than 20 years, and added tours to its repertoire three years ago.

Weta brought in Jake Downing to lead its new tourism division shortly after adding the tours, and in the year to April 2015 visitor numbers more than doubled to 83,000.

“We’re focused on creating the best experience and looking at what the next tourism offerings will be,” Jake says.

The tours start from Weta Cave, the shop where people can buy souvenirs and Weta artists’ work, before going behind the scenes in the workshop.

As part of the behind-the-scenes experience, visitors learn about how

the artists and technicians create their award-winning designs, and get to see their latest work.

Some tours offer visitors a chance to learn creative skills such as how to make fake blood or costume prosthetics.

The story behind Weta Workshop is typical of many kiwi companies. Founders Richard Taylor and Tania Roger started the studio from their Wellington flat, and built it up to be a world-leading design and effects facility servicing the world’s creative industries.

Weta is now known around the world for its work on films including *The Lord of the Rings* trilogy, *King Kong* and *Avatar*. The workshop started offering tours when Wellington hosted the first premier of *The Hobbit* film in 2012.

The busiest time to visit Weta Workshop is over summer, during school holidays and, interestingly, when Wellington hosts events such as Crusaders or Chiefs rugby games because those teams’ fans travel.

Jake says working with other tourism organisations is really important, and he’s noticed a good level of collaboration among private operators.

He says Tourism 2025’s aspiration to add revenue value, rather than focus on visitor numbers, is important.

“That’s also about increasing value for the customer. For that price, if they came last year and come again this year, are they actually thinking ‘wow I got more out of it?’”

Jake and his team of ‘cave dwellers’ (workshop technicians-cum-tour guides) are looking at what hasn’t yet been told in the behind-the-scenes story, and how they can add that to the tour and experience of visiting the workshop.

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**Closes:** 18 December

## SHELTERBOX NEW ZEALAND

**Role:** director  
**Location:** national  
**Closes:** 21 December

## AUCKLAND RUGBY LEAGUE

**Role:** independent director  
**Location:** Penrose, Auckland  
**Closes:** 30 December

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## STROKE FOUNDATION OF NEW ZEALAND

**Role:** independent director  
**Location:** most meetings are in Wellington

## SAFE (SAVE ANIMALS FROM EXPLOITATION)

**Role:** board members (three)  
**Location:** national

## HALLOWAY GROUP LTD

**Role:** directors (two)  
**Location:** Auckland

## AOTEAROA NEW ZEALAND

**ASSOCIATION OF SOCIAL WORKERS**  
**Role:** board member (financial skills)  
**Location:** national

## AUCKLAND DIVING COMMUNITY TRUST

**Role:** trustees (two)  
**Location:** Auckland

## COMMUNITY ENERGY ACTION

**Role:** trustees (two)  
**Location:** Christchurch

## PARS INCORPORATED

**Role:** board member/treasurer  
**Location:** Auckland

## CANTERBURY MUSCULOSKELETAL GROUP LIMITED

**Role:** director  
**Location:** Christchurch

## MASONIC CARE LTD AND MASONIC VILLAGES LTD

**Role:** independent director/s  
**Location:** Lower Hutt

## WAIKATO BRANCH OF RNZSPCA

**Role:** treasurer/committee member  
**Location:** Te Rapa, Hamilton

## NORTH HARBOUR LIVING WITHOUT VIOLENCE

**Role:** board member  
**Location:** Takapuna, Auckland

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## MEMBERSHIP PROFILE

# New pastures

*Recently awarded the Rabobank Leadership Award, Chartered Fellow Sir Henry van der Heyden has played a leading role on many boards, most famously for chairing Fonterra through a pivotal ten years. By Katherine Robinson*

“Call me Henry,” says Sir Henry van der Heyden at the start of our interview, making it clear that he is still a dairy farmer at heart.

Dairy farming is the family business. Sir Henry’s parents left Holland in 1955 to set up a dairy farm in the Waikato, and he credits them with instilling in him a set of values to live by. One of those values being a rock-solid work ethic.

“All family took on businesses at a young age. My father fed me and my siblings the idea that life is a long journey and if you were capable of running a business you should start as young as you could.”

Trained as an engineer, he took this advice to heart, buying his first dairy farm while still in his twenties. Taking on responsibility and leadership at a young age is a concept that Sir Henry still supports.

“I would back young leaders every time. It’s important to have leaders with a long runway ahead of them as well as energy and commitment. They may not have the experience and wisdom of older leaders but they do tend to be braver and have the drive to get there.

“It’s like diversity on boards – it just brings much better outcomes. Capability is important but with youth, it’s capability plus.”

Drawn to governance by the idea of giving something back to the community, his first directorship was on the board of the New Zealand Dairy Group in 1992. Later, as chair of the group, he was a key player in the merger that created Fonterra, going on to chair Fonterra in 2002 – a position that he held for ten years.

A boardroom veteran of boom times and tough times, Sir Henry has clear views on

the qualities to which directors and chairs should aspire.

“A good director should be able to bring their knowledge, experience and insights to the board. But they should also bring a style that motivates people and moves them forward. They should be prepared to share their knowledge and experience, and focus their skills on strategy brought to the boardroom by management. They should be able to hold management to account, yet build on that strategy.

A good chair, he believes, is someone who can create a boardroom environment where everyone is comfortable about contributing to discussion.

Sir Henry is credited with being able to get agreement from entrenched, disparate interests. Something he demonstrated in helping to orchestrate the merger of the dairy companies that ultimately became Fonterra. When asked how they did it, he jokes, “I really don’t know.”

There are 10,500 shareholding dairy farmers in the huge co-operative that was once made up of 18 co-operatives, each with a regional power base.

“It was very parochial – they were like regional tribes who had been around for decades. Within their own regions the cooperatives were large organisations so it was a big ask for people to lose that control.

“It was about selling a vision and painting a picture of what could be. Farmers tend to be fiercely independent but to be fair on them, most understood the advantage of being part of a co-operative and having greater strength in the international marketplace. The New Zealand Dairy Board had done a very good

job themselves of paving the way on this,” he says.

Also on Sir Henry’s governance CV is his current chairmanship of Tainui Holdings, something that he is impassioned about.

“With Māori taking the long-term view in wanting to make life better for their people, there is going to be a lot of change. That role has opened my eyes to what New Zealand could be like. It’s not only Māori and Pakeha but other nationalities – although Māori will play a key part.”

“I can’t tell you what New Zealand is going to look like in 20 years time but I can say the country will be multicultural. We’ve got to set New Zealand up so it is ready for that. People today don’t necessarily think things are going to change,” he says.

Apart from his family – three of his four children are also dairy farmers – Sir Henry’s other passion is looking for ways to add value to New Zealand Inc. He sees the country’s welfare as inextricably tied to its ability to carve out a sustainable living in the global marketplace.

“Ultimately our welfare is generated outside New Zealand so anything that is driven by the international market is important – that’s why dairy is important, as well as tourism and Auckland International Airport.

“It’s being able to provide something that is different to everyone else. We are a small group of islands in the South Pacific, so we are always going to have to ask ourselves as a country – ‘what can we do better than anyone else?’”





*“Ultimately our welfare is generated outside New Zealand so anything that is driven by the international market is important – that’s why dairy is important, as well as tourism”*



#### IN BRIEF

Sir Henry van der Heyden is chairman of Auckland International Airport, Tainui Group Holdings Limited, and Manuka SA Limited. He is a director of Rabobank New Zealand Limited, Rabobank Australia Limited, Foodstuffs North Island Limited and Pascaro Investments Limited.

He graduated from Canterbury University with a Bachelor of Engineering with Honours. He has held directorships in the dairy industry for 24 years. He is a past chairman of the New Zealand Dairy Group, and chaired Fonterra from 2002 to 2012.

Sir Henry was awarded Chairman of the Year in 2012, New Zealand Herald Business Person of the Year in 2007 and Federated Farmers' 2013 Agri Personality. In 2009, Sir Henry was appointed a Distinguished Companion of the New Zealand Order of Merit.



# Unwrapping



*Corporate social responsibility (CSR) policies enhance reputation and according to research, can add value to the bottom line. A recent survey has put stakeholder engagement top of the to do list for Kiwi companies in 2016. But while many businesses recognise the need for CSR and improved communication with stakeholders, some find it difficult to know where to start.*

Stakeholder engagement is an increasingly important part of doing business, according to the *State of CSR in Australia and New Zealand Annual Review 2015*.

Businesses are recognising the growing importance of corporate social responsibility (CSR), but while the concept is often associated with environmental and social goals, it can start with businesses communicating more effectively with their stakeholders.

A recent report by the Australian Centre for Corporate Social Responsibility (ACCSR) suggests Kiwi corporates have some work to do in this area.

The ACCSR's *State of CSR in Australia and New Zealand Annual Review 2015* found that for New Zealand businesses, the top CSR priority for the coming year is 'Building stronger relationships with our stakeholders'.

The study was supported by Wright Communications, Envirostate, La Trobe

Business School, La Trobe University, New Zealand Sustainable Business Council and WME – Environment Business Magazine.

Nearly four out of five respondents on this side of the Tasman (78%) rated it a priority, the same as in Australia where it also landed at the top of the list.

There are several reasons why stakeholder engagement is seen as a priority for New Zealand businesses. These include:

- strengthening relationships with stakeholders and employees
- increasing access to capital and investors
- reducing costs of non-compliance
- giving a competitive advantage over other businesses in the sector.

#### **A GIFT THAT GIVES BACK**

Until recently there had been little research on the effect that working closely with stakeholders has on business profitability.

When researchers from the Wharton School of Business in Pennsylvania looked

to find evidence of the benefits, they discovered stakeholder cooperation could significantly increase a company's value.

A team led by Professor Witold Henisz studied 26 gold mining companies trading on the Toronto Stock Exchange from 1993 to 2008.

For the study, stakeholders refer to economic partners, government, regulators, community officials and members of the public.

The researchers recorded 50,000 stakeholder engagement events conducted by the 26 companies during that time, drawn from media reports.

They found engaging stakeholders increased the likelihood of finishing projects on budget and on time, reducing delays and expenses that can put a dent in profitability.

When companies include stakeholder engagement in their annual strategic



planning, a company's net present value could be improved by between 40 and 60%.

According to Professor Henisz, that means local support for a gold mine has as much effect on the mine's value as the mineral deposit, the cost of extraction and the world price of gold.

Henisz has published a set of best practices that he recommends for achieving cooperation:

- change your company mindset so that employees believe in the importance of stakeholder input
- identify your stakeholders, their positions and their connections to other groups
- link your stakeholder data to your company's operating performance, integrating it into risk management systems
- engage with stakeholders in a meaningful and fair way, responding to concerns and forming connections rather than simply offering money
- share information about the project in a credible and transparent way.

While businesses have different stakeholder groups most have three in common: staff, investors and customers.

Keeping your own people happy is essential to maintaining a healthy business but not all corporates do a good job of communicating with their staff and understanding their needs and concerns.

In terms of CSR initiatives, working with your entire team to develop your strategy will get more buy-in than taking a top-down approach dictated by senior management.

It should also go without saying that engaging with investors (and potential investors) is important.

Getting someone to support your business with their hard-earned money can be difficult at the best of times but more so if you struggle to articulate your goals and values and fail to get investor feedback on important issues.

The nature of engagement with customers differs from company to company, but understanding those who pay for your product or service is essential to continuing to serve their needs.

Companies are becoming more sophisticated in how they go about this, with social media playing an increasingly important role in customer feedback and engagement.

**ENVIRONMENT TRUMPS SOCIAL ISSUES**

More than 150 respondents took part in the State of CSR survey in New Zealand – a significant increase from 2014.

The top CSR priorities for New Zealand businesses are diverse but there are some interesting contrasts with our Australian counterparts.

One being the greater priority given to environmental goals over social ones.

Reducing environmental impacts was a focus; other environmental priorities included waste reduction and recycling initiatives (71%), creating environmentally responsible products (60%) and managing the impact of climate change (58%).

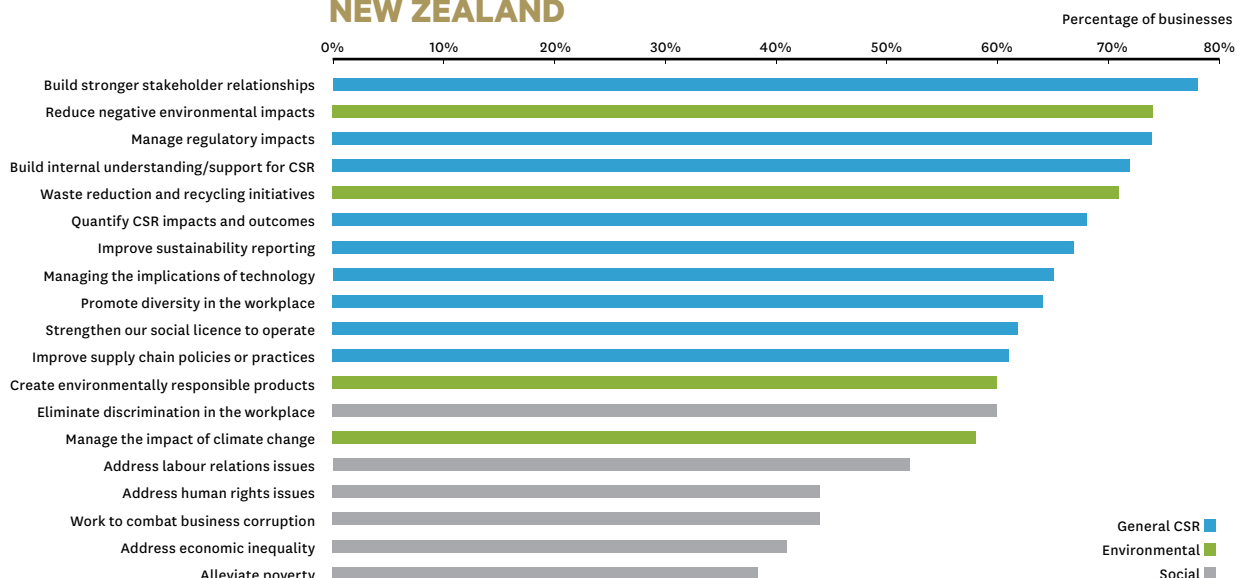
New Zealand respondents were less focused on addressing labour relations (52%) or human rights issues (44%) or combating business corruption (44%).

Their lowest priorities were addressing economic inequality (41%) and alleviating poverty within their sphere of influence (38%).

“New Zealand is renowned for its clean green image and Kiwi businesses recognise the role they play in maintaining our environment,” Wright Communications Managing Director Nikki Wright says.

“One reason businesses have focused so heavily on environmental performance, versus social responsibility, is because that's where the quick cost savings are that shave thousands off indirect expenses.”

**CSR PRIORITIES FOR 2016 – NEW ZEALAND**



**SUSTAINABILITY MESSAGE MUDDLED**

One issue of increasing interest for consumers and investors is sustainability and while New Zealand businesses are focusing more on this area, their communication around sustainability needs some work.

Colmar Brunton's recent Better Futures survey found Kiwis' purchasing behaviour is influenced more than ever by sustainability but 71% of consumers can't name any brand or organisation as a leader in sustainability.

Of even more concern was that 81% of those surveyed agreed the way businesses talk about their social and environmental commitment is confusing and hard to understand, up from 74% last year.

More encouraging is the finding from the *State of CSR* report that improving sustainability reporting is one of the top CSR priorities for New Zealand businesses, with 67 % seeing it as a key focus in the coming year.

For some companies this may not be a moment too soon. The NZX is considering making sustainability risk reporting mandatory for companies on the main board, after the ASX introduced it for Australian listed firms last year.

Although the average consumer is unlikely to spend much time combing through sustainability reports, the process of such reporting should help businesses sharpen their messaging in this area.

What gets measured gets managed, so if a business starts measuring its material impacts (enviro, social, economic and cultural) it will more than likely have active management systems in place to reduce harmful impacts and improve its contribution to build trust and reputation.

**MORE WORK TO DO**

The latest *State of CSR* report has some positive signs in terms of sustainability and corporate responsibility among New Zealand businesses, but it has also pinpointed some areas of potential weakness.

Companies just getting started on the CSR journey will likely need leadership and expertise in this area. If they get CSR right and communicate it well, they will be well-positioned to benefit from the growing consumer and investor interest in sustainability.

**For the full report, visit [www.wrightcommunications.co.nz](http://www.wrightcommunications.co.nz)**



**You know where your organisation is heading, but is it going in the right direction?**

The Governance Leadership programme provides the knowledge and skills for good governance of SMEs, not-for-profits, private and public sector organisations, and is aimed at company directors, board members, trustees and councilors. The programme starts April 2016.

You will learn that issues of governance are not necessarily issues of skill – they are issues of integrating tools and skills into a format to lead.

The University of Waikato has developed the course content and will deliver the courses. The IoD's involvement is related to the capstone project component for which they have provided the Four Pillars of Governance Best Practice and will be involved in the assessment of participants' projects.

"This programme is rigorous and robust but absolutely worthwhile. You will learn from and work with academics who really understand the commercial environment."

– Penelope Peebles

Visit [management.ac.nz/leadershipseries](http://management.ac.nz/leadershipseries) to find out more about this exciting programme.





## WOMAN OF INFLUENCE

# Keeping the peace

*A colonel in the New Zealand Defence Force and mother of three, chief human resources officer Karyn Thompson has made a career out of providing leadership in the army, and a valued alternative voice in the boardroom. By Liam Macandrew*



***“Our three core values in the military are courage, commitment and comradeship – and in the Army Leadership Group we have one more – integrity. These are mottos which I use not just in my military positions, but also in the boards I sit on outside the army.”***

Karyn’s star is on the rise. She won the diversity category of the Women of Influence Awards 2015, and a recent appointment means she is set to become the first female head of army training and development in Waikato next year.

“It has been fantastic to be recognised in this way. I was completely blown away by it all as the finalists were all really outstanding,” says Karyn. Everyone has been really supportive of me and shown my background and opinions do count.”

One of the most senior women in the military, Karyn has had a distinguished career having served in Sinai, former Yugoslavia, and East Timor, and in June 1994 was awarded the Chief of General Staff’s Commendation for resuscitating a drowned child.

Currently she sits on the New Zealand Army Leadership Board, and is chair of the New Zealand Defence Force Women’s Development Steering Group – positions she has used to strengthen women’s participation in the defence force, a movement she says the military has highly supported.

“As a military woman I am able to bring a different perspective to the table, and having that range of opinions helps avoid group think or just turning to the status quo.

“As a board we set the strategy for the next five years so it’s important to have a broad discussion. Being a mother helps me see the wider impact of our

decisions on our people as the job often requires moving between bases, which can put a strain on families.”

Although the military may have a reputation as a male-dominated field, the biggest voice of doubt in her career hasn’t been from men in the military, says Karyn, but has been her own.

“You really need to back yourself and not be afraid to give your views. Your role in the boardroom is to speak up and say if you are thinking differently – this is something I have had to learn to do and sometimes they will agree and other times it may be a bit strange for them. But it all helps to enrich the conversation.

With years of experience in helping cultivate and retain talent in the military, Karyn has the kind of good leadership which doesn’t stop when she takes off the military fatigues.

“Our three core values in the military are courage, commitment and comradeship – and in the Army Leadership Group we have one more – integrity. These are mottos which I use not just in my military positions, but also in the boards I sit on outside the army.

“As a leader you need to model your organisational values and be self-aware, understanding how your behaviour will affect those around you. It’s up to you to use your communication skills to build a positive culture which people can support.”

# New audit report brings new opportunities

*As directors, you already know the additional value that your financial statement auditors provide. Imagine if these insights were also made available to shareholders. Well soon, at least for listed issuers<sup>1</sup>, a new style audit report will make this possible.*  
By Liz Stamford

## CHANGES AT A GLANCE

### For FMC reporting entities considered to have a higher level of public accountability:

- new section for key audit matters (just listed issuers for first two years)
- inclusion of the name of the engagement partner
- new section\* commenting on the other information included in the annual report for which the final version has not been obtained

### For all entities:

- opinion section presented first, followed by Basis for Opinion section
- explicit statement of independence and compliance with relevant ethical requirements, plus identification of which standards were followed
- enhanced description of the auditor's responsibilities, including for going concern, and the key features of an audit
- new wording to describe the directors' responsibilities for going concern
- new section if there is a material uncertainty related to going concern and it is adequately disclosed in the financial statements
- new section\* commenting on the other information included in the annual report for which the final version has been obtained

\* same section title, different content depending on entity type

## WHAT IS HAPPENING?

In October, the New Zealand Auditing and Assurance Standards Board (NZAuASB) issued the final auditing standards which bring revolutionary changes to the format and content of the public audit report. The most significant change is a new requirement for auditors of listed issuers to include 'free text' in their audit report explaining their 'key audit matters' (KAM). KAM are areas that were of most significance in the audit of those particular financial statements for that particular year. The audit report will also explain how these matters were addressed during the audit. This requirement will extend to Financial Market Conduct (FMC) reporting entities considered to have a higher level of public accountability<sup>2</sup> after two years.

Directors will be familiar with these KAM because auditors already communicate with the board and audit committee on matters arising from their audit. However, making similar information available publicly is not just a matter of replicating these communications in the public audit report. Directors have knowledge of most matters that are raised, and importantly have the opportunity to have discussions with the auditor. This additional knowledge and access to the auditors is not available to investors, therefore external communication of KAM will take this into account.

## WHAT ARE THE BENEFITS OF REPORTING KAM?

While the thought of such public reporting by the auditor may initially fill you with horror, there are a number of advantages to better-informed investors. The UK introduced similar requirements in 2013 and so we know how that has unfolded in that environment. International auditing standards were issued earlier this year and some entities in other countries have already chosen to early adopt the changes. For example, in Australia, three entities adopted the new requirements this year (two years before the auditing standards are mandatory); Downer EDI, Cochlear and ASX. South Africa has similar examples.

Some of the positives already being seen and reported by directors and investors are that KAM:

- assist investors to engage with the entity on audit and accounting matters by providing helpful hooks which investors can use in discussions with directors
- offer investors a greater insight into the auditor's work and how the auditor has perceived and addressed risks of material misstatement in the financial statements
- provide additional understanding for investors of the judgemental areas in financial statements
- help investors and analysts be better informed and have a better appreciation of the roles of directors and auditors and how they interact
- improve the engagement between the directors and auditor as their reporting responsibilities are more closely aligned.

<sup>1</sup> Defined in section 6(1) of the Financial Markets Conduct Act 2013

<sup>2</sup> Defined in section 461K of the Financial Markets Conduct Act 2013



**WHAT ELSE IS CHANGING?**

For all audit reports, whether for listed issuers or otherwise, there will be changes to the format and content.

**Going concern**

Directors are responsible for assessing the entity's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. Auditors are required to conclude on the appropriateness of the use of the going concern basis of accounting. Both these responsibilities are more clearly explained in the new style audit report.

In addition, if the auditor concludes there is a material uncertainty related to the going concern but it is adequately disclosed in the financial statements, then there will be a new section in the audit report solely on this matter. Existing audit reports do this through an Emphasis of Matter paragraph.

**Other information**

Financial statements are often published within an annual report. If this is the case, the auditor is required to read the other information included in the annual report and consider whether there is a material inconsistency with the financial statements or with their knowledge from the audit. In the new audit report the auditor has

to state which parts of the annual report they have obtained (in a final version) and read. In addition, for FMC reporting entities considered to have a higher level of public accountability, any parts of the annual report that were not available at the time the audit report was signed will need to be listed in the audit report.

**Other changes**

To recognise its importance to users, the audit opinion moves to the start of the auditor report. This will let users see straight away what opinion the auditor has formed on the financial report. The basis for the opinion will follow and include an explicit statement of independence and compliance with relevant ethical requirements, together with identification of the specific ethical standards that were followed.

There is also an enhanced description of the auditor's responsibilities and the key features of an audit. However, rather than requiring all of that information to be included in the body of the audit report, the auditor is permitted to include a cross-reference to the External Reporting Board's (XRB) website (where the wording will be available), or to an appendix to the audit report.

Finally, for FMC reporting entities considered to have a higher level of public accountability, the name of the engagement partner will be included in the audit report.

**What is next?**

The changes are effective for years ending 31 December 2016. Although this may seem a long way off, it is timely to start talking to your auditors about the changes and how they will impact your audit. Even if your entity does not have to implement the KAM requirements, there will be changes which may impact your public communications.

Also discussing the changes with your auditor can be a good springboard to consider your overall financial reporting approach and whether any enhancements to clarity can be enacted. If your entity will have KAM, you may find it helpful to do a trial run with your auditor to work through the process before the first public audit report is required. Why not join the revolution? An opportunity like this does not come every day.

**Liz Stamford is Audit and Insolvency Leader, Chartered Accountants Australia and New Zealand.**

## Best practice is often to print less, more often

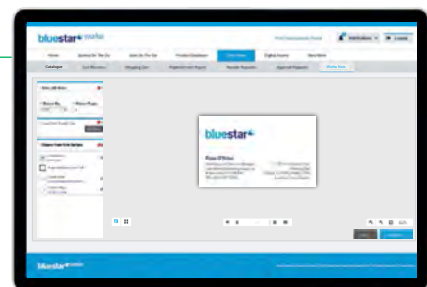
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# Māori governance

*Strength from disruptive change*



*New Zealand business overcomes significant challenges of scale and market access every day and, in these fast-paced times, adaptability is more than ever the defining business skill. Contemporary Māori governance is founded in resilience, and could be the advantage New Zealand needs on the global stage.*  
By Nick Wells.

Change management is not new to Māori business. The ability to incessantly update while staying true to the values of a whanau, hapu or iwi is the success of many a Māori enterprise.

Consider the historical context: disrupted by increasing numbers of British immigrants in the 1800s, the once stable commerce based on kinship and regular trading patterns waxed and waned on a wave of colonisation.

By the mid-1800s, Māori had developed market gardens, wheat farms, flour mills, timber, and flax fibre production. Māori were savvy exporters even as the domestic market grew, owning successful shipping operations that moved product to and from Australia.

The social upheaval that followed in the second half of the 19th century left deep scars on the Māori economy. Land confiscations and successive breaches of the Treaty of Waitangi could have left the Māori business on its knees. Yet today it thrives.

Māori business continues to adapt and find new solutions. The inbuilt resilience of even the largest Māori organisations is the edge New Zealand business needs. Take for example the recent success of Ngati Whatua Orakei Trust.

The Auckland iwi ended the 2015 financial year with assets valued at \$767 million, up 22% on last year. Its aggressive

investment in housing for iwi members makes sense when, just 40 years ago, the Crown planned to develop the last 60 acres of Ngati Whatua Orakei's tribal lands for high-income housing and parks.

Forty years from now, what was primarily a response to a social imperative could prove to be an inspired investment in human capital.

Learning from and adopting the practiced responsiveness of Māori business will require foresight and an investment of time. The place to start is with the people around the boardroom table.

Directors should ensure that they and their senior management are well briefed on potential changes which could open up new opportunities and challenges for Māori business, creating the possibility for genuine two-way partnerships with Māori organisations.

The next big policy and legal development may already be in the pipeline. One example is the reform of the Ture Whenua Māori (Māori Land) Act 1993 – a proposal which would see the strict rules for the governance, sale and financing of collectively owned Māori land lurch toward a permissive, pro-development model.

We're talking about a significant resource – over 27,000 blocks comprising 1.4 million hectares – the utilisation of which might precipitate growth for small business or joint-ventures in forestry and agriculture.

Other legal developments could have more wide-reaching implications. Modern legal and historical scholarship has been spurred to review the implications of the Treaty of Waitangi after years of languishing in political discourse. It seems there is a growing desire for lawyers, judges and lawmakers to engage with the legal implications of that foundational document, beyond the moral and pragmatic arguments debated in the political sphere.

The Courts will press ahead with Treaty of Waitangi jurisprudence, and the status of the Treaty of Waitangi as domestic law may be closer than this generation of business and political leaders anticipate.

However, even a firm grasp on these developments will not fully prepare a business to move with Māori economic

trends. When it comes to adaptability, the strength of Māori business is in the people at the helm, those who support them and those they serve.

This generation of Māori business leaders has seen varying degrees of turnaround in attitude to Māori business values and ways of operating. Many of these long-serving pakeke also share a close connection to their grandparents so will know the effect upon them of the tumultuous change they experienced in their community.

In subtle contrast, younger Māori in positions of business leadership are carving out a space for themselves. The brightest lights are the leaders of change, not fast followers, and they may set a different agenda. These are people who will add value in any boardroom.

In coming years, the jewel in the crown for any truly adaptive New Zealand business may be its two-way partnerships with whanau, hapu or iwi businesses. Māori businesses are crying out for collaboration as a means of generating scale and channelling experience into their operations.

ANZ's Privately-Owned Business Barometer: Te Tirohanga Whanui suggests that Māori businesses are collaborating almost twice as much, in almost all areas, as their non-Māori counterparts, with 40% of Māori respondents identifying partnerships and joint ventures as key drivers of growth.

Successful partnerships will strive for a broader and deeper understanding of the drivers for change in Māori business in a contemporary context. Māori governors will be involved on both sides.

The challenge has been laid at the feet of New Zealand industry by Māori organisations. The opportunity is there for the taking.

No reira, tena koutou, tena koutou, tena ra tatou katoa.

*Chapman Tripp partner Nick Wells is Kaiwhakahaere of the firm's Māori Legal Group, Te Waka Ture.*

# DRONES



## The new buzzword for business

*In September a pilot flying an Air NZ A320 reported a near miss with a drone in Christchurch. In the same month, a drone smashed into powerlines in Whangarei – cutting power to about 200 commercial and industrial businesses for 20 minutes. The topic of drones – the opportunities and the risks – is already generating discussion in the New Zealand media and in the boardroom. By Steve Walsh, Executive Director, Marsh*



The projected growth of the Unmanned Aircraft Systems (UAS) sector is nothing short of phenomenal. In 2015 alone there are expected to be more than one million UAS operating commercially around the world, according to a Deloitte Technology, Media and Telecommunications Predictions report.

It is even anticipated that one tenth of the global civil aviation fleet will be unmanned in ten years' time – as estimated by a report from the European Commission in 2014.

A number of organisations are already starting to embrace UAS for commercial reasons due to the vast economic benefits – estimated at US\$82 billion and 100,000 jobs, in the US alone.

Allowing drones to operate beyond the operator's line of sight in New Zealand could provide economic gains of up to NZ\$190 million a year to our farming, forestry and energy sectors, according to a report commissioned by Callaghan Innovation.





The advantages of using this type of technology are numerous; hugely increased flight durations, expeditious deployment, low operating costs, and ultimate agility when flying in dangerous and/or hard to access locations.

In New Zealand we have already seen the agriculture industry embrace the use of UAS for chemical spraying and monitoring livestock. Drones have also been used for high resolution mapping, photography and were even trialed for courier deliveries by an Auckland company in June. Trials have also taken place for search and rescue operations and monitoring electricity lines.

#### LIABILITY ISSUES

With any new technology comes added risk. Statistics show that incidents involving drones in New Zealand have increased from one in 2010 to over 53 to June this year.

Drones themselves can of course be insured if there is a mishap, however it is the liability issues that directors particularly need to look at.

Directors should be mindful of any third-party liabilities arising from the use of UAS and should seek professional help in:

- identifying key third-party liability issues
- quantifying the impact of potential scenarios
- appraising risk retention strategies or balance-sheet protection from external sources, such as the insurance markets
- identifying key areas for improvement and against available resources

We have yet to see any major prosecutions in New Zealand – not so in the US. In October, the U.S. Federal Aviation Administration proposed a record \$1.9 million fine against an aerial photography company for flying drones in crowded New York and Chicago airspace without permission.

What has not been addressed thus far, however, are concerns of claims against breach of privacy — which will no doubt be deserving of great attention in the near future.

#### REGULATION

According to Marsh's international research, regulation remains the biggest barrier to the widespread adoption of UAS usage. For UAS operations to fully realise their commercial potential, national and international aviation laws may need to be overhauled and/or a set of international regulations developed that consider drone use in a truly consistent manner.

In the US, the Federal Aviation Authority (FAA) currently authorises the use of UAS for commercial or business purposes on a case-by-case basis. Businesses cannot fly UAS without the express permission from the FAA. However, the FAA has proposed a framework of regulations that would allow routine use of certain small UAS to be integrated into public airspace by the end of 2015.

In Australia, UAS usage is allowed. In order to fly one of any size for commercial benefit, two documents are required: a certificate for the operator and a certificate for the business. Additional ratings, including a radio operator's license, are required. Currently, the Australian Civil Aviation Safety Authority (CASA) allows UAS activities over unpopulated areas up to 400ft above ground level or higher with special approvals. The CASA will allow operations in controlled airspace with prior approval and coordination with Airservices Australia. Significantly, the CASA allows both visual meteorological conditions (VMC) and/or instrument meteorological conditions (IMC) operations with appropriate approvals.

In regards to New Zealand, RPAS (Remotely Piloted Aircraft Systems) operation is allowed subject to safe use and operation following NZ Civil Aviation Authority rules (NZCAA). These include;

- the operator needs to be able to see the aircraft with their own eyes (eg, not through binoculars, a monitor, or smartphone)
- the aircraft can be flown only in daylight
- you must give way to all crewed aircraft
- you cannot fly your aircraft higher than 120 metres above ground level
- you cannot fly closer than four kilometres from any aerodrome.

NZCAA has recently published new rules around the use of RPAS (Remotely Piloted Aircraft Systems), which came into effect 1 August 2015. They are; Part 101 which is the rules of use for RPAS up to 25kgs. Operational rules for RPAS over 25kgs, sometimes known as 'pilotless aircraft' are covered in the existing Part 19. The second new rule Part 102 is the Operator Certification process. These are aimed to standardise the rules and bring New Zealand up to international standards. It is up to the operator to ensure they are operating within these parameters.

#### MANAGING THE RISK

Insurance is expected to be a key component of the risk management framework that will need to be developed for UAS to operate safely and with due regard for third party interests.

Insurance is available for UAS in New Zealand. To date, insurers have been more interested in commercial operators who have a documented standard operating procedure for the operator and the UAS. Unlike motor vehicle insurance, where third party liability is covered automatically as part of the policy, third party liability cover is purchased separately. This is often not well understood or appreciated by private insurance purchasers, which has slowed the uptake of insurance purchases in this sector.

#### TO CONCLUDE

The inevitability of wide-scale UAS use should not be underestimated. As with any opportunities brought about by advances in technology, they go hand in hand with a set of new and little-understood risks, which UAS operators, regulators, and the insurance industry are all currently trying to understand and adapt to.

**To find out more about the risks related to drones, please contact Steve Walsh at Marsh on 09 928 3126 or [stephen.walsh@marsh.com](mailto:stephen.walsh@marsh.com).**

## OPINION

# Unlocking New Zealand's potential – before it's too late

*Few New Zealanders realise that we're literally sitting on a fortune. Our untapped petroleum resources have the potential to deliver game-changing returns for New Zealand. However it will take some bold moves on behalf of the Government to unlock the full potential – says KPMG Partner and energy specialist, Greg Bishop*

The story starts with a quick geography lesson. New Zealand is not a handful of islands in the middle of the Pacific Ocean; it is actually a submerged continent. The North and South islands form just 4% of that continental landmass (Zealandia) – the remaining 96% is submerged.

This gives New Zealand custodial rights to more than 5.7 million square kilometres of seabed; which is equivalent in size to the European Union, the North Sea, and a quarter of the Mediterranean combined.

“We have vast undiscovered natural resources in New Zealand... on a scale that most of us probably don't appreciate,” says Greg.

But even more impressive, he believes, is what lies within that huge tract of underwater space.

The Institute of Geological and Nuclear Sciences has identified 19 different basins within our Exclusive Economic Zone (EEZ) that are capable of producing hydrocarbons in commercial quantities. Currently, we are only producing from one, the Taranaki basin.

“New Zealand has a proven record of successful discoveries, dating back to the late 19th century,” says Greg.

“Yet we've barely scratched the surface in terms of the area that's been explored.”

## THE OPPORTUNITY

It's not all undiscovered potential, either – oil and gas production is already making a significant contribution to the New Zealand economy.

For instance, at their peak in 2008/2009, the Tui oilfields were producing up to 50,000 barrels of oil a day, at prices of up to US\$140/barrel. As a result, oil was New Zealand's second largest export by revenue in 2008/2009 at \$3b. Advice to Government at the time was that this could rise to \$30b by 2025 if our estimated reserves were developed.

Greg says oil and gas production also generates between \$600m-\$1b in income tax and royalties each year for the Government.

While most of the companies involved in oil and gas exploration are foreign-owned, he points out the significant economic benefits they deliver to the local economy.

“In addition to royalties and the various types of taxes they pay, there are all the downstream benefits such as job creation and infrastructure support provided by Kiwi companies.”

Greg cites the example of Norway. Following the first oil discoveries on its continental shelf in 1969, Norway rose to become the second wealthiest nation in the OECD in terms of GDP per capita.

“Norway is a country of five million people, similar in size to us. Just as New Zealand is now, they used to be one of the poorest per capita in the OECD. Imagine if we could follow in their footsteps.”

## POSITIVE STEPS SO FAR

As well as its huge natural resources, New Zealand has a reputation as a low-risk and straightforward country to do business

with. Global benchmarking from the Fraser Institute has rated New Zealand as one of the top 10 countries in the world for investment in petroleum exploration.

Greg says the Government has “done a really good job” in recent years of attracting oil companies to our shores – with the likes of Anadarko, Chevron, Woodside, and Shell (who have recently re-entered exploration here).

Even more notable is the interest of Statoil – Norway's national oil company.

“It's interesting that Norway is here boots and all. They see huge potential here...and what they've seen so far, they really like the look of.”

So with all this positive action, what's the problem?

Greg says while the current levels of exploration are “a good start”, we now need to take things to the next level. And that means generating significantly more exploration activity – before the window of opportunity closes.

## THE CHALLENGES

New Zealand also has a number of challenges to overcome. Due to our location, getting drilling equipment to New Zealand is incredibly expensive, as are the de-mobilization costs.

“It's a classic catch 22...we need the exploration to happen to result in successful discoveries. But companies are less inclined to be the first to explore in frontier basins.”



You can add to that the exponential increase in costs for drilling in

New Zealand's deeper waters. The cost to drill a well in shallow offshore Taranaki is around US\$25-\$30m; compared to US\$100m+ in deeper waters.

On the plus side, though, the New Zealand Government currently has a very attractive fiscal regime. It takes around 42% in royalties and income tax; compared to 78% in Norway and 85% in Indonesia.

#### THE BOLD NEW STRATEGY

Getting to the heart of the matter, Greg believes the Government needs to "put its hand in its pocket" to make a more compelling case for oil and gas exploration.

"To get more drilling projects across the line, we need to offer really strong incentives to oil and gas companies. The time has come to take some calculated risks."

Again, Norway provides an interesting precedent. To attract exploration, the nation currently offers a refundable tax credit of 78 cents in the dollar – and Greg says a similar scheme could work here.

"A large element of Norway's success has been its refundable tax credit. In essence, it reduces the pain in the event the exploration is unsuccessful."

What's more, it would serve to level the playing field for new entrants. Companies that have established operations and a tax base in New Zealand can already deduct their exploration costs.

"A refundable tax credit would put a new entrant in the same position as an existing New Zealand player. This would be a welcome move, given that most exploration is conducted in joint ventures between the oil companies."

#### WHERE TO NEXT?

This idea is not new. Greg says a similar tax credit scheme was mooted to the Government back in 2010, but nothing was adopted. However, he warns, time is definitely running out.

"The reality is that these resources will become valueless one day, as the world moves to a low-carbon future. The window is slowly closing...if we're going to act, we need to do it now."

Global demand for gas is forecast to increase in the short-term, out to around 2030.

Given that it takes 10-15 years to move from initial exploration to production, there is literally no time to lose.



Greg Bishop

And while there are no guarantees the strategy will pay off – the potential returns make it an exciting prospect.

"Norway has proven that you can have a vibrant oil and gas industry, and still retain your clean, green credentials," says Greg.

"This could be a game-changer for our country, one that could dramatically increase the prosperity of all New Zealanders. It's a question of whether we're up for the challenge."



# A badge of commitment

*One year on from the establishment of the Chartered Membership pathway, key stakeholders from banking, insurance and the public sector talk to boardroom on how the pathway may not only fit within the governance landscape – but also shape it.*

“A badge of commitment and a demonstration of a degree of qualification for the role,” is how Financial Markets Authority CE Rob Everett describes the Chartered Membership pathway, adding that it “will provide a level of assurance for IoD members’ peers, shareholders, employees and other stakeholders that they have current and relevant skills and knowledge for their roles as New Zealand directors.”

A year ago, Rob told NBR that governance standards needed to rise. He said that the issue was not so much a lack of commitment and passion from directors, but a lack of expertise. Does he think Chartered Membership, with its emphasis on CPD, will help to address this?

“It will certainly help... pushing for high standards of governance can only be a good thing – investors of all shapes and sizes need to believe that committed directors make a difference and should look for that in the companies in which they invest. We would also encourage shareholders to use their voice and influence to demand high and demonstrable standards of governance.”

He added that changing the approach to directorships – both in companies and among directors – is the bigger picture.

“Directors should want to make a real difference, to add true value and strategic leadership to a company and not just go along for the ride. Being a director cannot be a retirement job. Companies need to attract people willing to spend the time and effort to understand the company’s business and prospects and really add value to their direction and their growth,” says Rob.

Finding and fostering fresh governance talent is also critical, he says.

“My view is that companies should dig deeper into the pool of talent we have in senior management and in younger, first-time directors, and be bold enough to appoint those people. This will add fresh energy, skills and perspective to the board table. Provided those directors are well supported I think companies would benefit greatly from doing this.”

His thoughts on Chartered Membership were echoed by New Zealand Bankers’ Association Policy Director and Legal Counsel, Antony Buick-Constable.

“It can only enhance the development of the high level of professionalism required of directors. After all, it is directors who must set the tone at the top of any business and seek to ensure its smooth running with their oversight.

“Continuing professional development combined with governance experience undoubtedly increases the capability and improves the overall quality of our directors,” says Antony.

He added that from the New Zealand Bankers’ Association perspective, the recent wave of new legislation and regulation has renewed focus on governance standards.

“The Financial Advisers Act 2008 is an example, requiring market participants, including directors, to take the new rules and responsibilities of conduct, governance and integrity seriously.

“Good governance needs to be a priority for the livelihood of any business, it is critical to longevity and viability. Investors must have accessible and useful information and

must be confident that their investments will be well governed. Directors of issuers have responsibility to provide truthful and complete information to investors on a timely basis. Fair, efficient and transparent financial markets lead to confident and informed investors,” he says.

As Team Leader of Treasury’s Appointments and Governance section, Ngaire Best is charged with finding suitable candidates for the boards of Crown agencies, SOEs and within the public sector.

“Public sector board appointments are driven by looking for a specific set of skills appropriate to a particular board,” she says. “Whether a director is a Chartered Member or not would only come into play if there was a choice between two directors with the same skills and experience. But if one was a Chartered Member, it would probably give them an edge.”

Ngaire believes the concept of the Chartered Membership pathway is sound. “It will provide encouragement for IoD members to upskill. I would hope that all directors keep up to date and hone their skills – it’s a professional obligation in any field. But Chartered Membership does set a benchmark and should give directors something to strive towards.”

Tim Grafton, CEO of the New Zealand Insurance Council focused on how the Chartered Membership pathway could help reduce risk. He believes that post-GFC, governance standards have improved in part due to the regulatory response but also because the GFC and other cataclysmic events have been a wake up call for businesses.

“Over the last decade, major events both in finance and health and safety have



# MYTHBUSTING



led to changes in the law that place direct liability on directors. There is now more responsibility placed upon directors to manage risks. While this has certainly focused the mind on raising governance standards, the challenge lies in ensuring that directors have the capability and the resources,” says Tim.

He says that New Zealand business, with its high proportion of SMEs, presents a higher risk profile than other countries.

“New Zealand business is made up of 97% SMEs, and about 70% are run by owner-operators. The risk lies in a lack of resources – larger businesses tend to have more sophisticated systems to deal with risk management.

“Insurance doesn’t reduce the risk – it transfers it. There is a whole range of risks to consider from business disruption due to natural disaster to cyber risk. Any well-governed business will have a board that asks hard questions of management to ensure that potential risks are identified and well-managed.”

Tim sees the Chartered Membership pathway, with its CPD requirement, as providing the necessary tools for directors to better identify and manage risks.

“This will have a flow-on effect for a company as insurers drill down into the nitty-gritty detail of an organisation to check how risk is reduced. They will look at the governance structure, seek to identify gaps in the culture and ask, ‘Is this a company where staff will feel empowered to identify risks?’”

**For more details on the Chartered Membership pathway, visit [iod.org.nz](http://iod.org.nz)**

## THE CHARTERED MEMBERSHIP PATHWAY

*Confused about the Chartered Membership pathway? We bust the top six myths.*

**Myth: You need to be a director of a major company to become a Chartered Member**

Reality: The size of the organisation doesn’t matter. You need to be on the board of an entity that has a separation between management and governance – not-for-profit, school and trust board directors can all qualify.

**Myth: It takes many hours of study to pass the Chartered Member Assessment...**

Reality: It takes around 30 hours of preparation to sit the exam, and another eight to ten hours to prepare for and answer the assignment.

**Myth: You don’t get much benefit for all the effort you put in**

Reality: There are many benefits from being Chartered. You gain credibility as a director, and it assures stakeholders and investors that your governance skillset has been assessed.

**Myth: It’s just too hard to study for and complete the Chartered Member Assessment**

Reality: The Chartered Members Assessment is a robust examination – not all applicants pass. However, with the right preparation, it is not excessively difficult. A good working knowledge of *The Four Pillars of Governance Best Practice* and your CDC materials will ensure you are well prepared.

**Myth: If I accumulate 60 Continuing Professional Development (CPD) points over three years I will become Chartered**

Reality: Members, Chartered Members and Chartered Fellows must all accumulate 60 CPD points over a rolling three-year period. Becoming Chartered is a separate process.

**Myth: The finance section of the assessment requires complex mathematical analysis**

Reality: You don’t even need a calculator to complete any part of the assessment.



# All on board...

*How do you ensure that all the board is equally well-informed on governance best practice? This was the issue faced by two very different organisations – the solution was found in boardWide, the IoD’s corporate membership option. By Katherine Robinson*

Coming into force next year, the Education Amendment Act 2015 will demand a high standard of professionalism from the boards of universities and wananga. Among the major changes are a limit on the number of board members, removal of representative requirements and clarity around the duties and accountabilities of each councillor.

Ahead of the Act, Victoria University Chancellor Sir Neville Jordan made it a priority to ensure that all Victoria University councillors had a good grasp of boardroom best practice. Last year the council joined the IoD through boardWide, the IoD’s corporate membership option.

“This meant that they each were a member of the IoD, had a copy of *The Four Pillars of Governance Best Practice* and were engaged in the IoD’s Chartered Membership pathway,” says Sir Neville.

For the 18-strong council (reducing down to 12 councillors in 2016) corporate membership has also been a gateway to resources and training, including an IoD boardroom training course tailored for university governance.

Tertiary education is a fast-growing sector, and Sir Neville sees an effective council as essential for meeting future challenges.

“Victoria University is now Wellington’s third largest employer – it has 2,500 staff and 21,000 students.

“The landscape for universities is changing very quickly. There are challenges from the digital domain and from offshore,

and increasing demands placed on the university from employers and students are greatly increasing,” he says.

## **SPEAKING THE SAME LANGUAGE**

The Police & Families Credit Union, found that joining the whole board under boardWide was a logical step, says CEO Helen Hatchard.

“All of our board members were already individual members of the IoD when corporate membership became available; rejoining through boardWide meant that the IoD now views us as one body. It also confirms our board’s commitment to governance best practice,” says Helen.

Set up to offer banking services to their members (police and their families) the Police & Families Credit Union board is both elected by and drawn from the membership.

“We thought it very important to connect with a body such as IoD so we had access to a consistent and professional approach to governance. We have used IoD resources to build committee charters and our code of conduct,” says Helen.

BoardWide membership has also been a useful conduit for other IoD services. Police & Families Credit Union board members continue to participate in IoD professional development courses, with eight out of ten of the board being Chartered Members. The IoD has also facilitated board reviews and boardroom training sessions.

“It means that, as a board, we are all speaking the same language and have clearly defined expectations in regards to governance,” says Helen.

## **WHAT IS BOARDWIDE?**

boardWide is the IoD’s corporate membership option, allowing whole boards to join the IoD. Established three years ago, there are now 35 boards from a range of sectors who have joined the IoD through boardWide. Benefits include:

- a 20% reduction on membership fees
- no joining fee for board members
- an additional copy of *The Four Pillars of Governance Best Practice* for the organisation
- a free subscription to *boardroom* magazine
- one free advertisement on the DirectorVacancies listing
- acknowledgement as a boardWide member in IoD’s annual report
- the ability to include the IoD’s boardWide member logo in your company’s annual report and corporate profile.

## **ANY SPECIAL CONDITIONS?**

The main conditions of boardWide membership are:

- to qualify, every member of your board must be, or become, a member of the IoD and will receive all the benefits of membership.
- a boardWide member organisation must have four or more board directors.
- a boardWide member, is an entity, company or organisation, as opposed to an individual member, and is not entitled to vote or be an officer of the IoD.

For more details about boardWide membership, visit [iod.org.nz](http://iod.org.nz)





# Building better boards

*Starting from the next issue, there will be a series of articles where subject matter experts from within the IoD will share tangible solutions and advice on how to develop your board so it is the best it can be.*

Whether you are setting up a new board, looking for help with recruiting new members and establishing good processes, or you're on an established board looking to fine-tune your performance, it is important to continually review your practice. A well-functioning board is key to the organisation's ability to determine and implement strategy for business growth and to meet any challenges ahead.

Committing to good governance is a positive and rewarding journey. Every board has a unique set of circumstances and, depending on composition and the environment in which you operate, your specific needs and requirements will be different. Services therefore need to be tailored for your board's current requirements, acknowledging that every board will need to adapt as new people and ideas emerge.

It is about evolving your board so it is the best it can possibly be for the long-term.

***Next issue, the first article in this series will focus on how to find the right board members and what is the best composition?***



*Your four steps to building a better board*







# Breaking through

*The IoD has developed different paths into governance to help new and aspiring directors reach their potential. The Emerging Director Awards, Future Directors and branch initiatives all aim to find and foster fresh talent. Award winners and participants in different programmes talk to Katherine Robinson about the experience.*

## EMERGING DIRECTOR AWARDS

Since it was established 16 years ago, the Emerging Director Award has provided many new directors with a step up in governance. The details vary from branch to branch, but the winner could receive funding towards professional development, mentoring by experienced directors, complimentary attendance at branch functions and an observer or intern role on a board.

“Winning the Otago Southland Emerging Director award has enabled me to continue my professional development... It’s also given me a lot more exposure,” says Richard Thomas, Skyline Enterprises director and Queenstown Chamber of Commerce deputy chair.

Richard says he applied for the award from, “a thirst for further learning and development as well as the opportunity to connect with a network of experienced directors and mentors.”

Over the last year, Richard has completed a number of IoD training courses – Health and Safety Governance, Finance Essentials, Leading In a Digital Era and the Company Directors’ Course.

As joint winner of Canterbury’s Emerging Director Award, Tim Trewinnard earned himself a year-long internship on the board of power industry contractor Connnetics. Tim has had governance experience in his own business and on a not-for-profit

board, but says the internship will help him to make the step up to larger boards.

The Canterbury quakes played a part in his governance ambitions. As Business Recovery Leader of Recover Canterbury in the aftermath of the quakes, Tim was charged with helping to develop SMEs.

“It showed me the value of good governance and the importance of being able to take an overview as an independent advisor. What appeals to me about being a director is that you can apply your knowledge to a range of organisations.”

Mentoring by IoD Distinguished Fellow Rob Jeffrey is a particularly valued part of the prize for Bay of Plenty’s 2015 Emerging Director award winner, Bryan Graham.

“Rob has been phenomenal. Being able to ask him questions on *The Four Pillars* has given me insights into the text and brought it to life. He has also been very helpful in his advice to me and asked the right, challenging questions about what I can bring to boards.”

An information scientist, Bryan sees his skills in this area as a value-add for boards. “For me information technology underpins how every business operates and how it can make businesses more efficient,” he says.

**Insider Tip:** “If you make it as a finalist then you’re in with a shot. Why wouldn’t you apply? There is nothing to lose and everything to gain.” **Richard Thomas**

## FUTURE DIRECTORS

Designed to develop the next generation of directors, Future Directors offers candidates first-hand boardroom experience by being on the board of a New Zealand company for a year. Future Directors are encouraged to participate in discussions but are not allowed to vote.

“Future Directors seemed like a good way to step up to the next level of governance because you can observe a listed board in action first-hand. There are specific issues that a listed board has to deal with, such as continuous disclosure and looking at how risks are considered,” says Franceska Banga, Fisher & Paykel Health’s Future Director in 2014.

Franceska felt that it was valuable to be treated like any other director.

“I made a deliberate point of adding value in the discussion, contributing from my experience in the discussion – that included financial, communications, technology and broader market perspectives.”

Her time on the board confirmed for her that she had the skills and experience to offer listed boards. Her advice to potential Future Directors is to “find opportunities to take on governance roles even if they are relatively small scale as it will help you understand how governance works. And think about how you can add value.”

Director of TNS Global, Bindi Norwell was The Warehouse’s Future Director for 2015.

“The Warehouse was fantastic – the board was very supportive and really embraced the programme. Board members involved me in all discussions and I tried to add value where I could especially in terms of customer insight and the digital side of things,” she says.

“The level of governance there was extraordinary but I was mentored by individual directors right from the start. I found that the more that I immersed myself in the programme, the more that I learned. It has not only confirmed my passion for governance, it has also clarified where I can add value,” she says.

BNZ National Sales Director, Retail and Marketing, Tony Arthur was Vector’s Future Director in 2014. He counts this as, “the richest learning experience that I have ever had in my professional career. To have the opportunity to sit around the board table of a major corporate and see experienced directors work their way through various challenges was incredibly interesting. It was also revealing to see the dynamics of the board and the level of honesty required,” says Tony.

IoD President and Chair of Vector Michael Stiasny co-founded the programme with The Warehouse’s Sir Stephen Tindall and New Zealand Shareholders Association’s Des Hunt. He encouraged Tony to participate in board discussions.

“It was important to be a good listener, picking out the issues and the challenges, and to understand from the CEO and directors what they were trying to achieve,” says Tony.

**Insider tip:** “You need the support of the organisation that you are working for as you will need flexibility to attend meetings.” **Bindi Norwell**

### MENTORING FOR DIVERSITY

Intended for directors who have governance experience, Mentoring for Diversity was originally set up to boost the number of women on large or listed boards. This year the programme widened its intake, with mentees chosen from applicants who could offer diversity of ethnicity, age, skillset, background, and gender.

The programme partners mentees with senior directors and chairs (mentors) who offer guidance and support in building their governance career.

“The strength of the programme is how well we are matched with our mentors,” says 2015 mentee Anne Walsh.

After years in senior executive roles overseas, Anne returned to New Zealand keen to take up a governance career. She says Mentoring for Diversity has been, “empowering to have a senior chairman focus on you, help you identify the skills you bring to a board, as well as the different sectors or opportunities to consider, and evaluate the best approach.”

Also a current mentee, trained veterinarian Gabrielle Thompson applied to go on the Mentoring for Diversity programme after attending the IoD’s Company Directors’ Course. A past founder/owner of a group of veterinary clinics, Gabrielle is currently on the board of the Ashburton Trading Society and its Audit and Risk Committee.

When Gabrielle spoke to *boardroom*, she had already had three mentoring sessions. “We have carried out practice interviews and my mentor has helped with my governance CV,” she says.

**Insider tip:** “A successful governance career is not about getting multiple directorships but about identifying those boards that you wish to target. It relates to knowing the specific skills that you can offer boards and selecting those where you know you can add value.” **Gabrielle Thompson**

## BRANCH FOCUS: AUCKLAND

In addition to the Emerging Director Award, Auckland branch has set up a co-ordinated programme of panel discussions, workshops and events aimed at developing governance knowledge and experience in aspiring directors.

First Break evenings revolve around a panel discussion led by senior directors and chairmen. This year’s panellists included Dame Jenny Shipley, Dame Rosanne Meo, Dame Alison Paterson, Tony Carter, Vanessa Stoddart and Ted van Arkel. The focus is on getting started in governance and developing a profile. Many new directors also find it an excellent networking opportunity.

“The senior directors who are present see it as a chance to meet emerging directors. They are not just talking about getting more diversity on boards – they want to make it happen,” says Auckland IoD member and Mentoring for Diversity mentee, Anne Walsh.

The branch’s Next Generation Directors workshop offers an introduction to the principles of governance. Participants have attended this workshop before undertaking the IoD’s Essentials portfolio of courses, providing the fundamentals of governance.

Director Accelerator lunches focus on how to win directorship appointments. The lunches are hosted by senior directors who are willing to share experience and expertise.

“These lunches operate like small boards including directors with a diverse range of skills and backgrounds,” says Anne.

“I’d say that there is real energy in the branch and a genuine desire from senior directors to engage with younger directors. The range of the board issues and topics covered is helpful as a governance career is increasingly dynamic, which the workshops reflect.” she says.

**All IoD branches have programmes and initiatives aimed at attracting new directors and developing their potential. For details contact your branch manager (see p46) or visit [iod.org.nz](http://iod.org.nz)**

**For further details on Emerging Director Awards, Mentoring for Diversity and the Future Director programme visit [iod.org.nz](http://iod.org.nz)**



## DIRECTORSEARCH APPOINTMENT

# An independent voice

*One of New Zealand's oldest family-owned wineries, Babich Wines, has recently appointed a new independent director to their advisory board.*

Ondine Waddle, a highly experienced, strategic and brand marketer is joining the board at an exciting time as the company prepares for their centennial celebrations throughout 2016.

The company now has 11 vineyards and is sold in 40 countries. Just this year, Joe Babich was recognised for his services to the wine industry with an ONZM, and Peter and Joe Babich were inducted into the New Zealand Wine Hall of Fame.

Ondine brings a wealth of marketing knowledge – particularly in the FMCG space – and extensive international branding experience across multiple markets. She has recently become Owner/Operator of Mitre 10 MEGA in Whangarei.

George Green, independent chair of the advisory board, says, "IoD's DirectorSearch proved again to be very effective in identifying great candidates who were outside our personal and

industry databases. Babich Wines were clear on the specific skills and experience we wanted to add to the advisory board and searching the IoD talent pool delivered exceptional candidates."

## directorSearch

# Searching for a new board member?

*When looking for a new director, you should cast the net wide enough to ensure you find the best person for the job while achieving the optimal skills balance for the board as a whole.*

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# branchnews

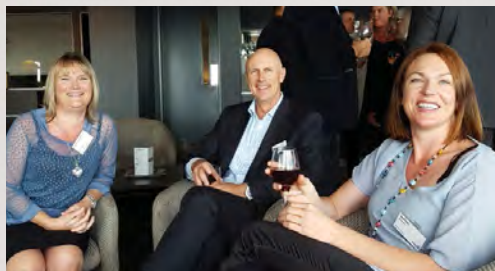
- 1 | Brett Muccay, David Hayes (Auckland)
- 2 | Fraser Whineray (Auckland)
- 3 | Brian Wilshire, Nicky Duggan, Mike Donovan (Auckland)
- 4 | Ant Howard, Liz Coutts, Clayton Wakefield (Auckland)
- 5 | Brent Impey, Wendy Palmer, David Webb (Auckland)
- 6 | Brian Wilshire, Susan Putt (Auckland)
- 7 | Jo Lambert, Mark Apeldoorn, Justine Brennan (Bay of Plenty)
- 8 | Ann Snowden, John Sandeman, Kim Lorigan, Stephan Lieshout (Bay of Plenty)
- 9 | Pam Roa, Colleen Joblin, Karin Thomas (Waikato)
- 10 | Tonia Cawood, Jan Gatley, Kevin Endres (Waikato)

## AUCKLAND

Fraser Whineray, CEO of Mighty River Power, talked about the need for New Zealanders to buy into electric vehicles – a goal that will reduce fossil fuel dependence.

Panellists Carrie Hobson, Don Jaine, Matt Stanley and Peter Kerridge offered advice on how to find the right skills for your board.

NZRU chair Brent Impey discussed the key decisions that were made around culture, strategy and process, ensuring that the All Blacks developed to a level capable of winning the Rugby World Cup.



## BAY OF PLENTY

Shima Grice, partner at Sharp Tudhope talked through the changes in employment legislation.

Bev Edlin worked participants through a selection of thought-provoking case studies around business ethics.



## WAIKATO

Matthew Cooper talked about the challenges faced by Sport Waikato – and how they plan to meet them. Sport Waikato aims to inspire and enable the people of the Waikato to be fit and healthy for life.



- 11 | Matt Glenn, Nicky van Praagh, Maree Munro (Waikato)
- 12 | Simon Lockwood, Mark Donnelly, Nicola Clayden (Waikato)
- 13 | Hamish Ward, Fraser Pease (Waikato)
- 14 | Phil O'Reilly, Dr Helen Anderson (Wellington)
- 15 | Dr Caroline Robertson, Dr Helen Anderson, Sunil Surujpal, Dave Frow (Wellington)

- 16 | Kieran Devine, Chris Kelly, Toby Stevenson (Wellington)
- 17 | Graham Heenan, Barry Knight (Canterbury)
- 18 | Bruce Irvine, Sir Allan Wright, Chris Stoelhorst (Canterbury)
- 19 | Liz Hirst, Carol Bellette (Canterbury)
- 20 | Malcolm Ott, Roger Barker (Canterbury)

- 21 | John Dobson, Alistair Wright, Acton Smith (Otago Southland)
- 22 | Melissa Clark-Reynolds (Otago Southland)
- 23 | Robyn Leydon, Nathan Pitcher, Ian McPherson, Melissa Clark-Reynolds (Otago Southland)
- 24 | Ian Farquhar, Ian Farrant (Otago Southland)
- 25 | Mayor Dave Cull, Peter Hutchison (Otago Southland)



**CANTERBURY**

Themes of 'perfection kills creativity' and 'routine jobs are at risk in most industries' invigorated the latest IoD sponsors lunch. Many thanks to sponsors Grant Thornton. Melissa Jenner shared her experience of de-risking innovation and how New Zealand companies can learn from the world's best.



**WELLINGTON**

Phil O'Reilly presented on the Business Outlook for 2016. The 2014 Emerging Director Award winner, Dr Caroline Robertson spoke on the opportunities the award has given her. Dave Frow announced Sunil Surujpal as the 2015 Emerging Director Award winner.

The branch's popular Aspiring Directors Dinner Series concluded on 18 November.

**TARANAKI**

Dan Radcliffe, Executive Director of International Volunteer HQ (IVHQ) presented at the branch Christmas function. Also speaking was 2012 Olympic bronze medalist and rower Rebecca Scown.



**NELSON MARLBOROUGH**

Former Mayor of Wellington and experienced director, Kerry Prendergast, spoke of her experiences of chairing boards and gave advice on how to be an effective and successful chair.

**OTAGO SOUTHLAND**

Air New Zealand's CEO Christopher Luxon joined Otago Southland branch members at a luncheon in October and spoke on the topic 'Strategy setting: the role of the board and the CEO'.

The Fellows Dinner was held in Bannockburn on 25 September.

Melissa Clark-Reynolds was shown the Dunedin sights before speaking to members.





# branch events

*IoD members are welcome to attend branch events nationwide.  
Check out the full list of branch events at [iod.org.nz](http://iod.org.nz)*

*CPD points for  
each event can  
be viewed on  
the website.*

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## BAY OF PLENTY

### Bay of Plenty Branch AGM

Glenn Snelgrove, branch chair reflects on 2015.

*5.30pm – 7.30pm, 2 March, Tauranga Club, Devonport Road, Tauranga*

### Collaboration Fitness and Leadership with Miranda O'Connell from Twyfords

*9:45am – 4:30pm, 9 – 10 March, Tauranga Club, Devonport Road, Tauranga*

### Modern Business Women – believe you can with Rachel Taulelei

*6.30pm – 9.30pm, 17 March, Mount Maunganui*

## WAIKATO

### Waikato Branch AGM

*11 February, time to be confirmed, FMG Waikato Stadium*

### Not-for-Profit Governance Workshop

*4.30pm – 6.30pm, 24 February, venue to be confirmed.*

## WELLINGTON

### Welcome back

*Save 28 January for the first IoD function of the new year.*

### Wellington Branch AGM

Guest speaker: IoD President Michael Stiassny  
*From 5.30pm, 17 February, IoD, 50 Customhouse Quay, Wellington*

## CANTERBURY

### Welcome back

Presented by Nigel Rigby, Chief Executive, Metro Performance Glass.

*5.45pm – 6.45pm, 15 February, The George, Park Terrace, Christchurch*

### Christchurch New Members Lunch

*12 noon – 2.00pm, 26 February, The George, Park Terrace, Christchurch*

### Insight into wider risk, credit and governance frameworks

Presented by Kevin McDonald, Chief Risk Officer ASB

*7.30pm – 9.00pm, 1 March, The George, Park Terrace, Christchurch*

### Canterbury Branch AGM

*5.45pm – 7.45pm, 21 March, The George, Park Terrace, Christchurch*

## OTAGO SOUTHLAND

### Cocktail function

*15 February, The Dunedin Club, 33 Melville Street, Dunedin*

### New Member Lunch (Invitation Only)

*22 February, The Dunedin Club, 33 Melville Street, Dunedin*

### Otago Southland Branch AGM and cocktail function

Speaker: David Faulkner, Chair of Port Otago Ltd.  
*15 March, The Dunedin Club, 33 Melville Street, Dunedin*



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Nikki Franklin

#### Manager, Governance Leadership Centre

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#### General Manager Commercial (Acting)

Helena Gibson

#### Branch Network Manager

Peter McLellan

#### Manager Chartered Pathway

Tony Southall

*The Institute of Directors has staff based at the National Office in Wellington, an office in Auckland, and eight branch managers operating from their localities. For National Office, telephone 04 499 0076. For branch managers' contact details see Branch Events, page 46*

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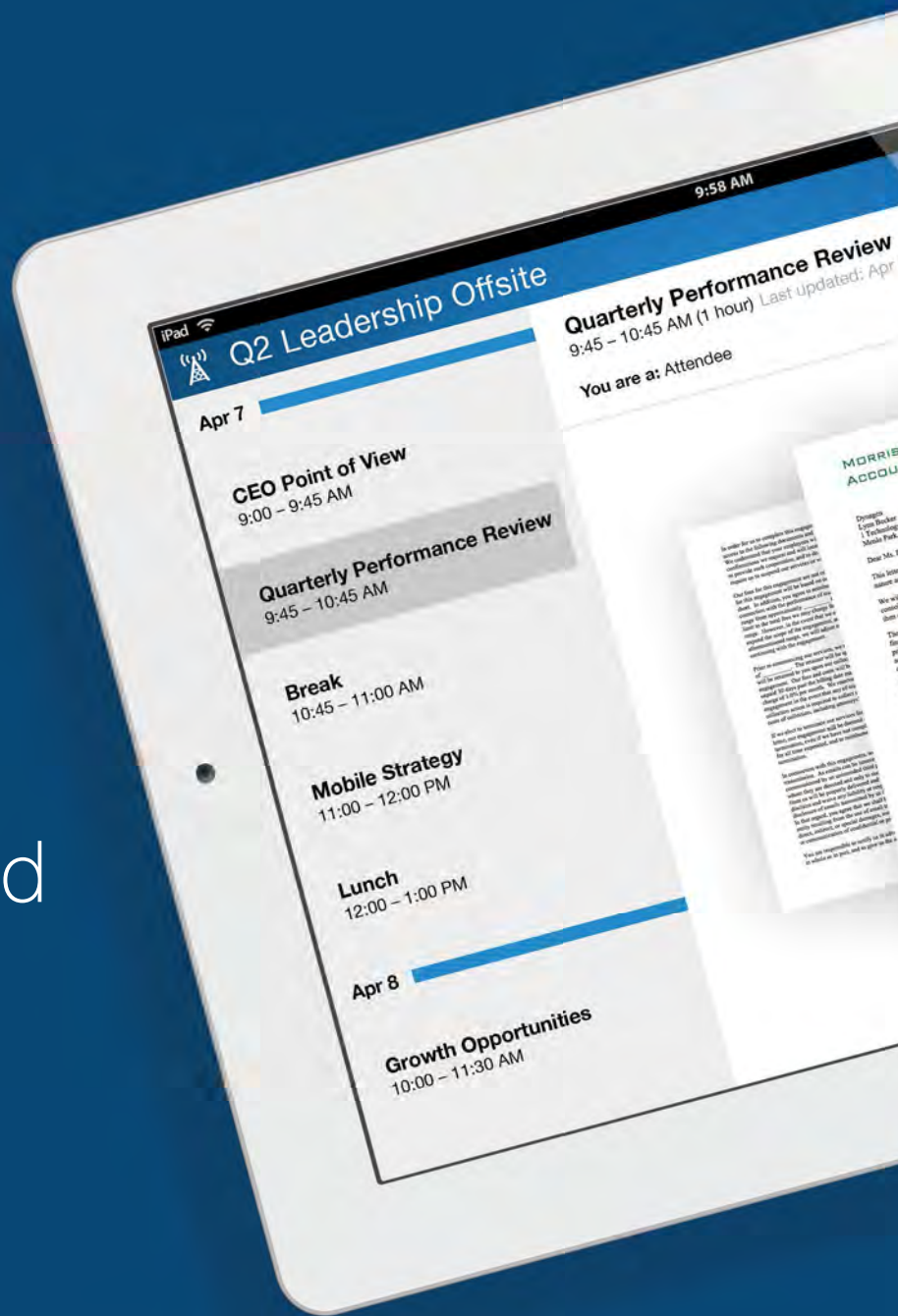


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