

boardroom



CHARTERED DIRECTOR

Taking in your feedback

BUILDING A BETTER HEALTH AND SAFETY CULTURE

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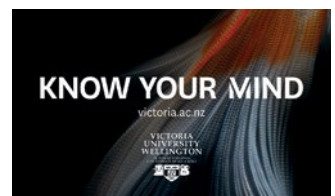
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IN NEW ZEALAND



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FROM THE EDITOR

2014 is a milestone year for the IoD. For a start, it is the 25th anniversary of the founding of the IoD in New Zealand Inc. Registered in 1989, when hair and shoulder pads were huge, but budget and membership numbers were small, the story of the IoD's early years were fascinating to research. Thanks to the vision and dedication of a few, the foundations were laid in the early years.

Building on these foundations is the Chartered Director programme. This is a transformation as major as the organisation's founding 25 years ago. The proposal has been received by members with support and many questions – some of which we feature in the lead article.

The IoD will be asking for your vote on a constitutional change that will make way for Chartered Director so we would urge you to please read all the material you have been sent – and if you have any questions, please let us know.

Katherine Robinson
Editor, boardroom

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We answer members' questions on the IoD's proposed new programme



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The IoD marked the 25th anniversary of its founding with a gala dinner

Institute of Directors (IoD)

boardroom is published six times a year by the Institute of Directors in New Zealand (IoD) and is free to all members. Subscription for non-members is \$155 per year.

boardroom is designed to inform and stimulate discussion in the director community but opinions expressed in this magazine do not reflect IoD policy unless explicitly stated.

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boardroom is designed by
Strategy Design & Advertising,
www.strategy.co.nz

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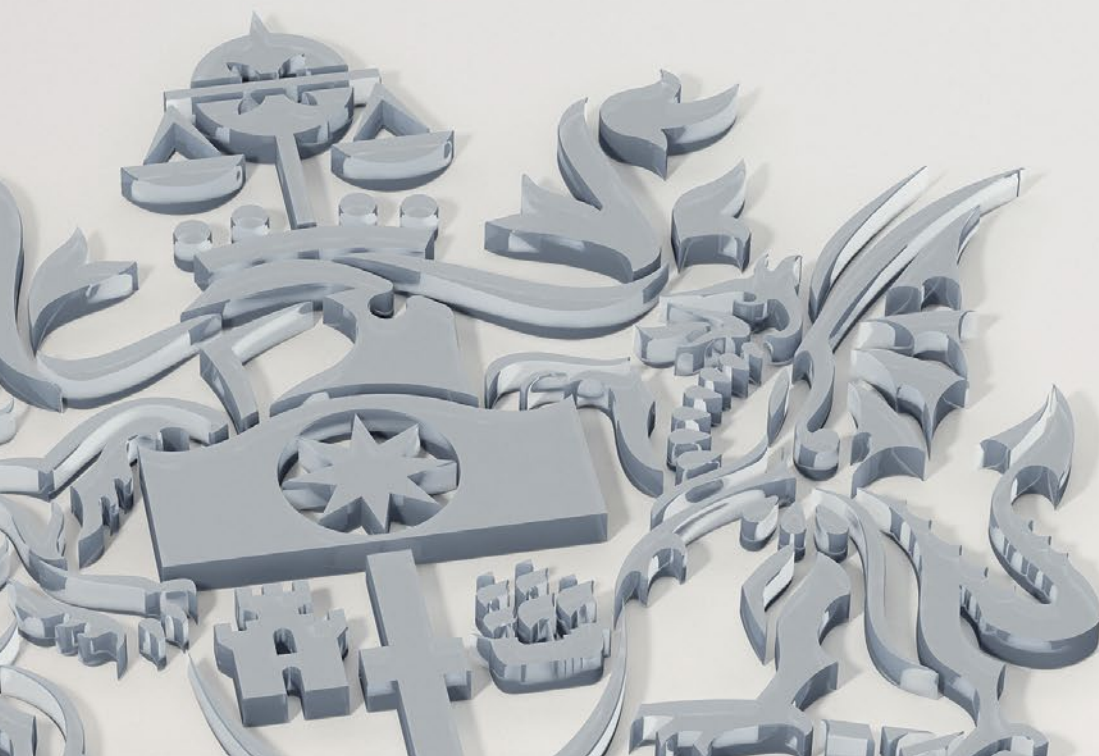
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CEO REPORT

A little knowledge is a dangerous thing...

But learning that fits the purpose for which it is intended is invaluable, writes IoD CEO Dr William Whittaker



We have recently completed the Chartered Director roadshow around New Zealand. Thank you to those who came along and for the questions you asked. Apologies to those in places we did not reach. However, you will have received a brochure detailing all the critical elements in the programme, the same that was presented at the various venues. There is an opportunity to comment and raise questions, both of which will be considered.

We have said that directors are made not born. Skills have to be learned, experience has to be earned. There may be an entrepreneurial gene in some of us but the art of governance does not appear to be a natural attribute. The willingness and capacity to learn are essential.

A commitment to the principle of life-long learning is central to ensuring that shareholders and stakeholders can expect high professional standards from directors in New Zealand.

“The bookful blockhead, ignorantly read. With loads of learned lumber in his head” wrote 18th century poet Alexander Pope, who also penned the title to this piece. The point is that learning has to be suitable for the purpose for which it is intended. The accumulation of knowledge without practical application has limited value unless you happen to be a panelist on Stephen Fry’s QI programme.

The scheme we are promoting is based on trust and has four elements:

- planning – creating a professional development plan
- executing – choosing activities that suit
- recording – keeping a log of activities
- reflection – what it meant.

The last is both the beginning and the end. Reflecting on what one has done can inform what one plans. It is a critical

element of the performance review whether it is for the individual or the board. In fact, boards do this all the time in the course of governing – looking in the rear-view mirror to learn from the past but focusing on the future with strategy.

Learning style is an individual’s natural or habitual pattern of acquiring and processing information in learning situations. A core concept is that individuals differ in how they learn. The idea of individualised learning styles originated in the 1970s, and has greatly influenced education.

The key to the philosophy that underpins the Chartered Director programme is life-long learning and the on-going, voluntary, and self-motivated pursuit of knowledge for either personal or professional reasons.

Modes of learning have evolved rapidly and synchronously with technological enhancement and delivery media, so much so that learning can no longer be divided into a place and time to acquire knowledge (school) and a place and time to apply the knowledge acquired (the workplace). Instead, learning can be seen as something that takes place on an on-going basis from our daily interactions with others and with the world around us.

The Chartered Director programme as part of the IoD’s professionalisation process is a key strategic plank in our pursuit of excellence and attainment of our vision of being one of the pre-eminent director associations in the world. What we do may sustain the organisation, influence the economy and society and it must also benefit the members. We are a membership organisation, members are our lifeblood and their needs paramount. We believe that the establishment of this programme will enable us to create a new

“The payback for member buy-in is that the IoD can say that its members are committed to excellence and trying to ensure that they remain current and relevant.”

standard for directors, a demonstration of relevance through a commitment to life-long and active learning.

There is no “one size fits all” approach to learning and individuals should seek those modes that they are either most comfortable with or from which they believe that they learn the most or both. So, within the programme there is considerable flexibility – there is no prescription between formal/informal, verifiable, non-verifiable or type of provider. It is up to the individual and, if as we assume, the majority of people who join the IoD do so because they have a commitment to self-improvement, career advancement and so on, then they are probably doing it anyway. And, if so, the only imposition is recording which for a self-respecting director cannot be that hard.

The payback for member buy-in is that the IoD can say that its members are committed to excellence and trying to ensure that they remain current and relevant.

We urge you to familiarise yourself with what is proposed and support it.

Update

RECENT APPOINTMENTS

New Alliance

Alliance Group has appointed Vanessa Stoddart as its third independent director. She joins fellow independent directors Graeme Milne and John Waller and six supplier directors.

All on board

Dr Keith Turner takes over as chair of the new Team New Zealand board. Other directors on the board are IoD members Sir Stephen Tindall, Greg Horton and Tina Symmans.

Southern Sinfonia

Dunedin's only professional orchestra, and a recent Director Vacancy Noticeboard client, recently appointed IoD member Andrew Hamilton to their board.

How much are directors' fees?

We aim to find out through the 2014 IoD Director's Fees Survey.

We urge you to take part as the survey is the only one that will collect information from both New Zealand organisations and IoD members. We rely on a high member participation rate to achieve this survey's depth and coverage. Your participation contributes to our ability to provide best practice director remuneration guidance to

you and other IoD members. Whether you work for a large commercial organisation, an SME or are unpaid on a not-for-profit board, we want your input. Participants will receive the executive highlights and a \$200 discount on the member report price.

Feedback on LGNZ courses

Applied Governance Essentials for Local Government, the first of five KnowHow workshops aimed at raising governance standards among local authorities, was successfully piloted on 25 March at the IoD National Office in Wellington.

Feedback was very positive, with one councillor describing the course as "one of the most useful courses on governance I have attended".

The result of a partnership between Local Government New Zealand (LGNZ) and the IoD, this was one of a series, aimed at developing governance capability within

local bodies. Future workshops will run over the next four months, with participants able to complete the series over three years.

Topics include leadership, planning policies to help achieve strategic direction, and debating and influencing skills. For more information, please visit www.lgnz.co.nz

IOD BY NUMBERS*

6397

Number of members
at 31 March 2014

Over

300

Delegates to the IoD
Leadership conference,
April 2014

688

More members since
March 2013

25.3

per cent
Women members in 2014

Date for your diary

The AGM will be held
from 12-2pm, 9 June
at the Rydges Hotel in
Christchurch.



Scan for the latest IoD News

* Correct at time of publication

Free advice for SMEs

UNDRESSING GOVERNANCE

The IoD will be partnering The Icehouse in a national roadshow series of free workshops, called Undressing Governance. Aimed at SMEs, the series will highlight the value of a different perspective on your business.

The Icehouse founder, David Irving, will discuss the benefits of having a smart business advisor to help you move your business forward. David will demonstrate how to identify the capabilities you and your business require, and give tips for finding the right advisor.

The IoD will be presenting on governance, focusing on the advantages of a board to businesses at all stages of their life cycle.

Undressing Governance

Tauranga – 20 May
Christchurch – 27 May
Auckland (Pukekohe) – 4 June
Auckland (North Shore) – 5 June
Hawkes Bay – 6 June
Hamilton – 2 September
Wellington – 3 September
Nelson – 10 September
Dunedin – 11 September

**For more information, visit
www.theicehouse.co.nz**

NEW IN THE TOOLKIT

Advisory boards can give your business the benefit of a fresh perspective – sometimes that is all that is needed to lift your business to the next level. If you have thought about establishing an advisory board but are unsure where to start, you will find the IoD's Advisory Board Toolkit invaluable. The toolkit follows the four phases of an advisory board's life cycle: consider, establish, operate and exit. It includes helpful tools, templates and practical tips plus first-hand advice from business leaders.

**For the Advisory Board Toolkit visit
FirstBoards, www.iod.org.nz**

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Q&A |

Chartered Director programme

As IoD members, Chartered Director is your programme. Your insights and questions have helped to ensure that it reflects your needs as a member as well as those of the business community. We would like to thank those who have taken part in surveys, attended the nationwide roadshow of Chartered Director presentations and emailed or phoned through their questions on the programme. We share some of these questions in these pages



Q Why is the IoD introducing the Chartered Director programme?

A Stakeholders, investors and the business community all need the assurance that directors have the skills, knowledge and experience to carry out their duties. Up until now there has been no credible benchmark that offers this assurance. As a director, you will benefit from having a framework of standards against which your expertise is recognised. We believe that professionalising the role of director will ultimately raise the standard of governance.

Q Why are there different levels of membership?

A We researched similar programmes in fellow institutes overseas and the membership bodies of other occupational groups. We felt that this structure was a good fit for the IoD as it aligns with a director's career path. It offers clarity to the market on different levels of experience and skill.

Q What is support for the programme among membership?

A An IoD membership survey carried out in June/July 2013, found that 89.5 per cent of those surveyed agreed or strongly agreed that the market and the director profession would benefit from having a baseline of professional standards that all directors should meet. Nearly 67 per cent agreed that it should be compulsory for every IoD member to undertake ongoing professional development and nearly 64 per cent said that they would commit to being part of a Chartered Director programme that included a CPD requirement.

Q Why do most membership categories have to undertake Continuing Professional Development (CPD)?

A It is important that directors stay current by keeping up with their training.

CPD is mandatory for members of other professional groups such as the Institute of Professional Engineers (IPENZ), the Law Society and the New Zealand Institute of Chartered Accountants (NZICA). For instance, NZICA require Chartered Accountants to carry out 120 hours of CPD over a three-year period.

CPD is also compulsory for categories of membership of other institutes, such as the Australian Institute of Directors (AICD) and the IoD UK.

Q How do you measure CPD?

A CPD will be measured by a points system and members will need to maintain 60 CPD points over a rolling three-year period. Professional development training courses, including those provided by external providers, plus a range of other learning activities will all carry points. The IoD will provide an online portal for members to record these activities.

Q Isn't it expensive to do CPD?

A CPD does not only apply to formal learning. Many activities, such as reading governance-related material, attending IoD branch events, writing governance-related presentations or mentoring will count as CPD in the programme. Most of these are at little or no extra cost to members.

If you do not want to undertake CPD, you are welcome to remain part of the IoD as an Associate or if you are over 65 in the Retired or Retired Fellow category.

Q I am a Fellow of the Institute of Directors, but I am retired from paid directorships and I am not interested in undertaking CPD. What category will apply to me?

A You can choose to remain a member of the IoD as a Retired Fellow if you are over the age of 65 and are no longer in a paid executive or board position.

AN OUTLINE OF CHANGES

For full details of the programme, see *Chartered Director programme*, a brochure sent to every IoD member earlier this month, or visit www.iod.org.nz for details online, including a video presentation.

The Chartered Director programme introduces:

- a new membership structure that recognises seven different levels of expertise and experience. These are Associate, Member, Chartered Member, Chartered Fellow, Distinguished Fellow, Retired Fellow and Retired
- a requirement for continuing professional development (CPD) for most member categories apart from Associate and Retired
- ongoing disclosure and commitment to ethical standards under a charter.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

The Chartered Director programme emphasises CPD as an ongoing requirement of membership. All apart from Associate, Distinguished Fellow and Retired members are required to fulfil CPD requirements.

Members, Chartered Members and Chartered Fellows need to accumulate 60 CPD points over a rolling three-year period. These points can be attained both through formal and informal learning.

TRANSITION OF CURRENT MEMBERS

Moving current members onto the programme is a one-off process that recognises that members have different levels of experience.

Current **Associate, Distinguished Fellows** and **Retired** members will retain the same membership title. **Fellows** will be known as Chartered Fellows.

Most current **Members** will remain Members under the programme. However some current Members may qualify as a Chartered Member based on experience. You will move directly to become a Chartered Member if you have been an IoD member for at least three years and:

- you are accredited or provisionally accredited or
- in the last three years you have been a director of a listed company, State-owned Enterprise, Tier 1 financial reporting entity of the External Reporting Board Accounting Standards Framework or an organisation of substance.

If you are a current member and do not meet these criteria but wish to be considered to be a Chartered Member, you may be eligible to sit a Company Directors' Course level assessment. This will be available from early 2015.

NEXT STEPS

May 2014 Members need to update their membership details on online portal to the database

9 June 2014 The Chartered Director proposal will go to the vote at the AGM

1 October 2014 If passed at the AGM, the Chartered Director programme will become operational and current members will be moved into their new membership category.

Q *Is the IoD planning to move on to an accredited training scheme to ensure that everyone is taking the same type of training?*

A We have looked at different CPD schemes and believe it would be problematic to be too prescriptive about the forms of training. The system we are proposing is based on guidelines which members can self-assess.

Q *How far back will professional development activities be taken into account?*

A The IoD has received feedback from members about this issue and has decided that all IoD Director Development training courses undertaken in 2014 will count towards CPD.

Q *Will members' CPD be audited?*

A An audit is included in the CPD system to ensure its strength and integrity. From October 2017 onwards an independent audit will be made of a number of randomly selected members.

Q *Is a distinction made between being a director on a not-for-profit (NFP) board and a commercial board?*

A The nature or size of the board for membership of most categories is not an issue. Under the new programme, if you were interested in applying to be a Chartered Member, you would need to be on the board of a 'qualifying organisation' that separates management from governance. To qualify as a Chartered Fellow members will need to have been on the board of an 'organisation of substance' for some years. For full definitions of both, please visit www.iood.org.nz

Q *I am involved with an 'organisation of substance' but as a CEO. Does that count?*

A To be a Member or Chartered Member, it is sufficient to have been in a senior executive role. During transition, to qualify as a Chartered Member you would need to be a board member of an entity of substance. After transition, provided you belong to a qualifying organisation (one that separates governance and management), have completed the CDC and passed an assessment, you can become a Chartered Member.

Q *The IoD also requires ongoing disclosure. What does this mean?*

A Each year, upon renewal of their membership, Chartered Members and Chartered Fellows will need to indicate online that they comply with the IoD's Charter, and if outside their three-year foundation period, that they have completed their CPD.

Q *Can younger members still join as Associates or Members?*

A Yes, and we still have an Under 40s subscription rate. If they join as an Associate, they can progress to Member if they meet the criteria.

Q *Do you think the Chartered Director programme will help me gain a board position?*

A There can never be any guarantees on particular board appointments. However, stakeholders have told us that being able to identify directors who have attained a certain level of competency and can show that they are committed to the role will be invaluable.

Q *What about diversity? Is there a risk that boards will only appoint those who are Chartered Members?*

A The IoD would still encourage boards to appoint from a wide range of membership categories. We believe that it is vital to have diversity of thought and a range of experience on a board – and many boards agree with this principle.

Q *What are the legal implications of a Chartered Member as opposed to an ordinary director?*

A A director's obligations and accountability under the law do not change whatever level of IoD membership they have attained.

Q *If the IoD is becoming a professional body, what does it have in place for disciplining members?*

A The IoD does not have statutory disciplinary powers but it will require members to commit to and comply with its Code of Practice, and in the case of Chartered Members and Chartered Fellows, its Charter. We will be examining the processes in place for complaints, conduct and termination of membership.

UPDATE YOUR DETAILS

Details of your governance experience are important in determining which level of membership is most appropriate for you under the Chartered Director programme. The IoD will be working only from information that you have supplied us so it is essential that we have your details correctly listed.

Soon we will be asking you to update your governance roles.

The screenshot shows the Institute of Directors website interface. At the top, there is a navigation menu with options: News, Director Development, Services for boards, FirstBoards FirstDirectors, Branches & Events, and Publica. Below the navigation, a breadcrumb trail reads: You are here: Home > Update your details > Governance roles. On the left, a sidebar titled 'Update your details' lists several categories: Personal details, Contact details, Governance roles (highlighted with a box), Management roles, DirectorSearch, Skills, Sectors, Curriculum Vitae, and Change my password. The main content area is titled 'Governance roles' and contains the following text: 'Details of your current and past governance roles as held in the Institute of Directors' database are shown here. Please click on **edit** next to an existing role to update the record. To add a new governance role please enter the organisation's name in the search box below and click **find**. If your organisation does not appear in the results you can add a new company by clicking **new**.' Below this text is a search box with the placeholder text 'eg Telecom' and a 'Find' button. At the bottom of the search section, there is a 'New' button and an 'Update' button.

How to update your details

- 1 When you log on to the IoD website, click on **Update your details**.
- 2 Please click on **Governance roles** – the third heading down on the sidebar on the upper left of the screen as shown above.
- 3 You will need to put the company name in full and as it is registered at the Companies Office. The website will offer you some suggestions but if you want to check the full name of your organisation, visit the Companies Office: business.govt.nz/companies/ for companies and incorporated societies. For a list of Government organisations, visit newzealand.govt.nz/directory/D

VOTING AT THE AGM

As an IoD member, you are invited to vote at the **AGM on 9 June** on a constitutional change that will lead to the introduction of the Chartered Director programme. If confirmed, the programme will be the most significant change for the IoD since it became an incorporated society in 1989. We have included papers outlining the legal change required, including a proxy paper for those members who are unable to attend but would like to cast their vote.

ANY QUESTIONS?

For any enquiries regarding the programme, please contact Lisa Docherty. Lisa joined us this month in the role of Acting Registrar, Chartered Director, to manage the transition to the Chartered Director programme.

Lisa is responsible for the oversight and operations of the Chartered Director programme, including member transition into the new categories and responsibility for ongoing compliance with the Rules; Continuing Professional Development guidelines, recording and audit, and the development and ongoing provision of a Chartered Member-level assessment.

Many of you will have met Lisa in previous roles here at the IoD, in Board Services, and then during the consultation process prior to the development of a proposal for Chartered Director.

To contact Lisa, please phone 04 470 2645 or email lisa.docherty@iod.org.nz

At the heart of things

If you were watching New Zealand television in the 1970s, you might recall a young TV journalist called Simon Walker quizzing Prime Minister Rob Muldoon about the presence of Russian ships in the Pacific. Now Director General of the IoD UK, Simon Walker was back in New Zealand recently to deliver one of the keynote speeches at this year's IoD Leadership Conference. He talks to Katherine Robinson, about his career since and how rebuilding trust in business leaders has become a personal mission



“Actually that interview with Rob Muldoon helped me out recently. I bought something at an auction house and didn’t have any ID, but someone there said, ‘I remember him, he was the one who interviewed Muldoon,’” says Simon.

Brought up in South Africa, Simon Walker moved to the UK in 1974 to study at Oxford’s Balliol College. Soon after graduation, he jumped at the offer of a job as a television news reporter in New Zealand. He still rates this as his favourite job.

“It was a great job in a great country. It was engaging with people but once a story went to air, that was it, it was over,” he says.

Following that stint in broadcasting he became a communications consultant, managing the communications of the New Zealand Labour Party in the 1980s. Back in Britain he took up a similar role with John Major’s government from 1996-1997. Other roles included Director of Corporate Affairs at British Airways and Communications Secretary to the Queen from 2000 to 2003. Prior to his role as Director General, he was chief executive of the British Private Equity and Venture Capital Association.

“It’s the variety of my career that I probably enjoy the most, that and a sense of being at the centre of things,” he says.

Being at the heart of things is certainly true of his current role. This interview followed after a meeting with George Osborne, the Chancellor of the Exchequer. The following week, he would be representing the interests of IoD UK membership to British Prime Minister David Cameron.

Like the IoD in New Zealand, the IoD UK’s fundamental purpose is to raise the standard of governance by supporting and developing the country’s business leaders. The IoD UK has an established chartered director programme offering three different grades of membership, recognising different levels of knowledge and experience among its members.

“Governance is at the heart of everything we do, as is professionalising the role of director,” he says.

The IoD UK is also a business lobby group. Simon, often quoted as ‘the bosses’ boss’ in the UK press, comments on issues ranging from employment laws to Scottish independence and UK involvement in Europe.

The 36,000-strong membership is drawn mainly from directors on the boards of the UK’s SMEs, although there is also a sprinkling of directors from large corporations and Crown agencies. How can he be sure that he is speaking for the majority of his members on polarising issues, such as immigration?

“I think rehabilitating business is enormously important. I would see that as our main mission”

“We poll our members in a scientific way every month on various issues. I think we survey about 2,000 or so. If membership is closely divided then we will avoid the issue but where there is a strong collective view, on labour market regulation for instance, then I have no compunction at all about intervening in a political debate.”

He may join the debate, but he makes it clear that he and the IoD UK are politically neutral.

“We represent directors of companies of all sizes, we have a commitment to free market principles that not all business organisations are able to have. Others take a big corporation view that is not always identical to the market. I’m grateful that we are able to take that broader role.”

Sometimes, he admits, the IoD UK may be just a little ahead of the membership in its lobbying. “But it’s important not to get too far ahead. We don’t want to head in the wrong direction, we push hard for lower taxes and smaller government. Members do support that general direction

but we might go a little harder and faster than might be their inclination.”

Simon took over the role of Director General in 2011, at a time when unemployment in Britain was rising and the UK economy sputtered in the wake of the global financial crisis. Membership of the IoD UK, elegantly housed in a John Nash building on Pall Mall, was in sharp decline.

Since then, Simon has instigated moves aimed at attracting a more diverse, younger membership to the 110-year-old institute. This included a move last year to drop the ‘business attire’ dress code to attract start-ups and hi-tech entrepreneurs. Moves such as this, aimed at shedding the exclusive gentlemen’s club image, have steadied membership numbers.

But the organisation’s main challenge, he says, is a restoration of trust in business, something that he believes has been dented worldwide since the GFC.

“I believe strongly that private enterprise, particularly market forces, have done more to advance human progress than any other force in mankind’s history but I do think that lapses in governance, particularly but not exclusively in the financial sector, in the last decade have led to a distrust of the good that business can do. I think rehabilitating business is enormously important. I would see that as our main mission.”

In his view, most of these lapses in governance have been caused by directors being asleep at the wheel, rather than by deliberate or criminal acts. He says that he would welcome shareholder activism, even shareholder aggression, if it made directors more alert to mismanagement.

“Being a director is not about joining an old boy’s club, it’s a tough demanding job with responsibilities that should make people scared. It is very different from being a manager because it incorporates responsibility to the shareholder. If you get it wrong, as we’ve seen, the sanctions are high.

“Most directors are committed to the role. There was quite rightly a push for directors to embrace diversity on boards, particularly gender diversity. Good ground has been made with women making up around 40 per cent of appointments to FTSE 100 boards in the last year.

“But I also think we should have younger, more digitally aware people on boards. It is not because it is morally right to recognise diversity, it is simply good business practice. What you want on a board is the energy and diversity of thought to hold management to account. I think that’s fundamental.”

He has a distaste for the sky-high salaries and over-blown bonuses paid to senior

executives in some of the UK’s large listed corporates, because he says pay and performance are too frequently unrelated. In his view, excessive bonuses not only distort the balance between management and shareholder interests but also harm a business’ reputation.

“Business does not operate in a vacuum. It damages reputation and commercial activity if employees, customers and legislators see senior business leaders divorced from the rest of society.”

His belief in private enterprise is heartfelt and underpins his vision of the future for the IoD UK.

“I’d like it to be more oriented towards people who are starting up and looking to get businesses growing rather than about people who have basically made it. I want to speak for the individual in business.

“What I feel best about is if we could have every kid in the country leaving school thinking that there is nothing more exciting that they can do in life than set up a business for themselves whether it’s a hairdressing business or pizza delivery. Running your own ship is the most fantastic experience that there is.”

LONDON BASE FOR IoD MEMBERS

With headquarters at 116 Pall Mall, the IoD UK offers full club facilities in central London. As well as being one of the most popular business venues in the capital with thousands of IoD members and their guests visiting the premises every week, the building is also a landmark of London’s great Georgian heritage.

Members of IoD in New Zealand who would like to use these facilities should phone national office on 04 499 0076 or email: mail@iod.org.nz a few days prior to arrival in London.

Thinking global – IoD and the GNDI

The Global Network of Director Institutes (GNDI), founded in 2012, brings together nine leading member-based director associations from around the world with the aim of furthering good corporate governance

The GNDI has fostered some close co-operation between national corporate director organisations and provides a global forum to share experiences, case studies, leading practices and current or emerging corporate governance issues impacting the boardroom and its stakeholders.

Business and governance issues are not just ‘New Zealand issues’, they cut across international borders. The GNDI is a powerful connective force in ensuring that the Institute of Directors in New Zealand is able to stay in step with international best practice and contribute to governance research and development on the global stage. It’s a valuable tool in the belt because we want to augment the voices and perspectives of New Zealand directors regarding boardroom leadership.

The work of the GNDI has the potential to connect the rest of the world to New Zealand directors and New Zealand Directors to the rest of the world.

In the last year, the GNDI network has collectively produced perspective papers on mandatory audit firm rotation, integrated reporting, board-shareholder communications and boardroom diversity. The GNDI also contributed to public consultation on best practice principles for governance research providers.

The next year is set to see perspective papers emerge regarding organisational short-termism, regulation of alternative performance measures for publically traded entities and audit committee reform.

Please visit www.GNDI.org for more information about the Global Network of Director Institutes.

MEMBERS OF THE GNDI

The current member institutes of the GNDI include the following organisations, which collectively represent more than 100,000 corporate directors worldwide:

- Australian Institute of Company Directors (AICD)
- Brazilian Institute of Corporate Governance (IBGC) in Brazil
- European Confederation of Directors Associations (ecoDa)
- Institute of Corporate Directors (ICD) in Canada
- Institute of Directors in New Zealand (IoDNZ)
- Institute of Directors in Southern Africa (IoDSA)
- Institute of Directors (IoD) in the United Kingdom
- Malaysian Alliance of Corporate Directors (MACD), and
- National Association of Corporate Directors (NACD) in the United States.

directorVacancy noticeboard

The noticeboard is a cost-effective way to reach IoD members – New Zealand’s largest pool of director talent. We will list your vacancy until the application deadline closes or until you find a suitable candidate.



ONE TO ONE GROUP

Role: Advisory board chair
Location: South Island preferred
Applications close: 9 May

PRIMARY ITO

Role: National Board Director
Location: Wellington
Applications close: 23 May

NZPECC

Role: Board members
Location: Auckland/Wellington
Applications will remain open until the positions are filled.

HE HUARAHU TAMAKI TRUST

Role: Trustee, Treasurer
Location: Porirua, Wellington
Applications will remain open until the position/s are filled.

ALZHEIMERS WELLINGTON INC.

Role: Executive Committee members
Location: Wellington
Applications will remain open until the positions are filled.

You’ll find more governance positions advertised on the directorVacancy noticeboard on the IoD website, in the monthly directorVacancy noticeboard email distributed to IoD members and on the IoD Twitter feed.

Countdown to a new health and safety regime

19 November 2010 to 1 April 2015

The Health and Safety Reform Bill is introduced to Parliament.

10 March 2014

The Independent Taskforce on Health and Safety reports.

30 April 2013

1 April 2015

Proposed time for the new Act to come into force.

19 November 2010

The Pike River Coal Mine disaster occurs, killing 29 miners.



The Royal Commission on the Pike River Coal Mine Tragedy releases its report.

30 October 2012

The Health and Safety Reform Bill, once passed, will become a key part of director training and initiation, so central will it be to the task of governance.

By Garth Gallaway and Marie Wisker



Marie Wisker



Garth Gallaway

Given its future significance, it is worth looking at the events and influences which fashioned the Bill and at the timetable ahead.

19 November 2010: The Pike River Coal Mine disaster occurs, killing 29 miners. This tragic event prompts the largest rewrite of New Zealand's health and safety law in 20 years.

30 October 2012: The Royal Commission on the Pike River Coal Mine Tragedy releases its report. It says that New Zealand has had an underground mining tragedy every generation or so but that the lessons of these tragedies have been forgotten. This time, they must be remembered.

The inquiry is persuaded by the supple logic of James Reason's 'Swiss Cheese Model' of accident causation. This imagines an organisation's defences against failure as a series of barriers or Swiss cheese slices, each one of which has holes or weaknesses. When these holes align, they create "a trajectory of accident opportunity".

It concludes that the best defence against catastrophe is "an organisation-wide safety culture" and that this must be led from the top, beginning with a review of the statutory responsibilities of directors.

The Commission's recommendations are fed into the work of the Independent Taskforce on Workplace Health and Safety, appointed by the Government on 6 June 2012 and tasked with designing a reform package capable of cutting the incidence of work-related fatalities and serious injuries by 25 per cent before the end of 2020.

30 April 2013: The Taskforce reports. Its principal recommendation is that New Zealand follows the Australian Model Law, passed by the Federal Government in 2011 and since enacted by all state governments bar Victoria and Western Australia.

10 March 2014: The Health and Safety Reform Bill is introduced to Parliament. As the Taskforce recommended, it is closely modelled on the Australian system.

Those provisions in the Bill of most direct relevance to directors are:

- the creation of a positive "due diligence" duty on officers to ensure that risks to workplace health and safety are eliminated "so far as is reasonably practicable" and, where they cannot be eliminated, are minimised "so far as is reasonably practicable"
- 'officers' are defined as directors and those persons who make decisions that affect the whole or a substantial part of the business
- this definition captures very senior management (in our view, likely to be only the CEO and the COO. The exposure draft released last year expressly included CFOs but this reference has been removed from the Bill)
- extension of the timeline for bringing prosecutions from six months to two years after the breach comes to WorkSafe's notice or up to one year after the coroner releases findings that an offence may have occurred, whichever is the later
- much tougher penalties, including a fine of up to \$600,000 for an individual and/or a prison sentence of up to five years for the most serious offences.

The maximum penalty for directors under the current Health and Safety in Employment (HSE) Act is a fine of \$500,000 and/or imprisonment for up to two years. A conviction can be obtained only when it can be demonstrated beyond reasonable doubt that a director knowingly "directed, authorised, assented to, acquiesced in, or participated in, the failure".

This is a hard test to meet, with the result that there have been very few convictions under the Act; all in small, private operations.

The Bill is now with the Transport and Industrial Relations Committee, which will report it back to the House by 13 September for passage before the end of the year.

1 April 2015: The new Act comes into force. This is a long gestation period and will give the market ample time to prepare for the new regime. Chapman Tripp's experience is that there is a high level of awareness that change is coming and that many boards are already gearing up to meet the new requirements.

Excellent guidance is available in the *Good Governance Practices Guideline for Managing Health and Safety* drawn up by the Institute of Directors and the Ministry of Business, Innovation and Employment and in the supporting material that the IoD has prepared.

The new due diligence duty will require officers to develop a comprehensive knowledge of the nature of the company's operations and any associated risks and hazards and to ensure that there are appropriate resources, systems and processes in place to manage these risks.

Although the financial costs involved in risk management can be treated as a relevant consideration, boards must exercise "a clear presumption in favour of safety ahead of cost". This presumption exists in the Australian Model Law, but not in the present HSE Act.

The full scope of the new obligations on directors will become clearer over time as prosecutions flow through the courts. An advantage of following the Australian approach is that New Zealand can draw on Australian jurisprudence. This is fairly limited since the Australian law is still relatively new and untested but – to the extent it exists – should help reduce the uncertainty which always accompanies any legislative change.

Garth Gallaway is a partner at Chapman Tripp, specialising in insurance-related and civil litigation and in health and safety. Marie Wisker is a senior associate, specialising in employment law and professional indemnity advice



Blueprint for health and safety

Professor Gregor Coster, chair of the country's newest Crown agency talks to Sharon Stephenson about the issues and the challenges involved in making New Zealand a safer place to work in

Following the disaster at Pike River Mine, government inquiries and recommendations (highlighted on pages 18-19) resulted in 'Working Safer' a package of initiatives that Labour Minister Simon Bridges calls "the most significant reform of New Zealand's workplace health and safety system in 20 years".

Reforms included the formation of WorkSafe NZ, the country's newest Crown agency, which opened for business on 16 December 2013.

According to WorkSafe New Zealand Chair, Professor Gregor Coster, the reforms are long overdue.

"New Zealand has the second worst health and safety performance out of all the OECD countries," says Professor Coster.

"England's safety record is three times better than ours, Australia's twice as good. Every year, 75 New Zealanders are killed while at work, and that's in addition to the 600-900 each year who die from occupational diseases such as asbestosis.

These are unacceptably high rates. We are working closely with employers, staff and others to reduce the workplace death and injury toll by 25 per cent by 2020."

Another key outcome of Working Safer is the Health and Safety Reform Bill. This will overhaul New Zealand's health and safety legislation and address recommendations from the Royal Commission on the Pike River Mine Tragedy and the Independent Taskforce on Workplace Health and Safety.

Professor Coster, who dealt with multiple workplace injuries while working as a GP, says Working Safer and the Reform Bill puts the onus on directors and senior managers to keep their workers safe.

"The Bill makes it very clear that directors, as duty holders, will be held accountable for any health and safety lapses in their companies. That's why it's important to establish clear and visible leadership from the board about health and safety

issues and to mandate the CEO and senior management to have a clear focus on a zero health and safety risk."

Since taking up the role in July 2013, Professor Coster has been busy travelling around New Zealand visiting companies to update boards on their roles and responsibilities under the new legislation.

He believes directors need to "get out and really know the business, so they can understand where the risks lie and begin to build a health and safety culture".

"It's about building safety into the business, so that all employees get the health and safety message and are empowered to participate in the health and safety of their workplace. The focus for directors is also very much on managing the risks, monitoring the outcomes and changing behaviours where required."

Professor Coster believes change has to come from all industries, but particularly



from New Zealand's high-risk industries such as forestry, agriculture and manufacturing.

WorkSafeNZ has been set up to embed and promote good workplace health and safety practices by educating employers, staff and other stakeholders about their workplace health and safety responsibilities, engaging them in making changes that reduce the chances of harm, and enforcing workplace health and safety legislation.

"Our aim is that New Zealanders can return home from work every day, safe and unharmed," says Professor Coster.

Along with delivering greater funding to WorkSafe New Zealand to help them strengthen enforcement and implement the changes, the reform also places greater emphasis on occupational harm and hazardous substances. Responsibility for the management of hazardous substances in the workplace shifts from the Environmental Protection Authority (EPA) to WorkSafe NZ.

Professor Coster, who has recently visited forestry gangs in Northland, various construction sites around the country and a car-crushing plant in Wiri, understands that there are certain challenges that directors and companies will face as they transition to a new, more health and safety conscious culture.

"If your contractors have sub-contractors and even sub, sub-contractors, then under the new legislation, the head of the supply chain is responsible for the health and safety of all workers in that supply chain as far as is reasonably practicable."

CONTRACTORS – WHO IS RESPONSIBLE?

"Probably the major challenge is the need to manage the supply chain. Boards need to ensure that a PCBU (Person Conducting a Business or Undertaking) in the supply chain has a robust health and safety culture and perspective. So, for example, if your contractors have sub-contractors and even sub, sub-contractors, then under the new legislation, the head of the supply chain is responsible for the health and safety of all workers in that supply chain as far as is reasonably practicable."

Another challenge is the need to manage the overlap between PCBUs on site, that is, for determining exactly who is responsible for a contractor.



Professor Gregor Coster

"Site health and safety committees should have representatives from all the major contractors and management, so that everyone knows how health and safety works on that particular site."

He's also at pains to point out that while the spotlight is turned onto workplace health and safety, we mustn't lose sight of the fact that occupational health issues claim so many lives in New Zealand each year.

"We need to work smarter and work together to change our culture and improve our performance across workplace health and safety so that we aren't seeing these sorts of numbers anymore..."

IoD makes submission on Health and Safety Reform Bill

The IoD recently posted its submission on the Health and Safety Reform Bill, currently under consideration by the Transport and Industrial Relations Select Committee.

“The IoD supports legislation that aims to ensure safer outcomes for all workers in New Zealand. This is an important priority for government, employers and workers alike,” says IoD CEO Dr William Whittaker.

The Bill and the establishment of the WorkSafe New Zealand regulator are closely modelled on Australian equivalents. Given the proximity of New Zealand and Australian business communities and Trans-Tasman co-operatives, Dr Whittaker says that the alignment makes sense.

While generally supportive of the Bill, the IoD submission called for a sense of proportionality, cautioning against any legislation that would hold individuals and companies to unrealistic standards.

“To be effective, legislation must acknowledge the central importance of health and safety, however it needs to be balanced against the reality that accidents can happen in the best-ordered workplaces. Legislation that clearly lays out the parameters and penalties for wrongdoing is vital,” says Dr Whittaker.

He added that the focus should be on those areas where major health and safety problems lie. There should not be disproportionate pressure on SMEs or targeting of one group of people.

The Bill creates a positive “due diligence” duty on directors. This is a significant change to the existing law, calling for more positive action from directors regarding health and safety. The IoD supports the use of the term ‘so far as is reasonably practicable’ in reference to the primary duty of care of a person conducting a

business or undertaking (PCBU). This is in sync with Australian health and safety legislation, and the IoD believes this condition will make the Bill workable.

Under the proposed legislation, a director is responsible as a PCBU where there are multiple businesses or undertakings and therefore multiple PCBUs involved in the process. The IoD has concerns about practical implementation where multiple parties have multiple legal obligations. To quote from the submission:

The ‘chain of responsibility’ created by the person conducting a business or undertaking (PCBU) system should be a real one and not simply impose liabilities on directors by virtue of their position of ultimate liability. If all individuals are responsible for their respective role in health and safety in the workplace... it would be unfair and prejudicial to approach sanctions and penalties in a way that only targets those with ultimate responsibility.

VOLUNTARY DIRECTORS

The IoD submission also called for greater clarity in some areas of the Bill, particularly regarding the definition and liability of voluntary officers and directors.

“Voluntary directors are an integral part of the governance structure of many organisations in New Zealand. They often have a high degree of control and influence over their organisations, however if they were liable for penalties under the Bill, it could significantly deter people from taking on these important roles,” says Dr Whittaker.

It is important that government recognises that organisational culture is not something which one can simply legislate into being.

“We understand from the Ministry of Business, Innovation and Employment (MBIE) that unpaid directors of a company are regarded as volunteers and will be exempt from penalties and prosecution for a breach of duty. However, the clauses covering this could be open to misinterpretation,” he says.

Other areas where the IoD felt the wording in the Bill could be clearer included the definition of a workplace and the duty to consult other duty holders.

Dr Whittaker added that the legislation laid the foundation for a cultural shift in attitudes to health and safety practices in New Zealand.

“It is important that government recognises that organisational culture is not something which one can simply legislate into being. The success of the legislation in inculcating a sense of director duty around health and safety and shifting the way in which practices are approached, hinges on the willingness of all parties to make it happen. Too much

concentration on compliance and punitive systems will quickly swing the debate into an unconstructive space,” he says.

He believes the answer lies in education as well as compliance.

“We will be working in collaboration with WorkSafe New Zealand as opportunities arise and support both the focus on education and support for business alongside the approach taken that ‘good health and safety makes good business sense’. WorkSafe’s intention to operate on an educational platform in support of business best practice, is promising,” he says.

MORE INFORMATION

In May 2013, the IoD collaborated with the Ministry of Business, Innovation and Employment (MBIE) to produce *Good Governance Practices Guideline for Managing Health and Safety Risks*.

The IoD has also produced an executive summary of the guideline, plus a list of diagnostic questions and actions for directors aimed at encouraging best practice in health and safety. All are available on www.iod.org.nz

ZERO HARM ROADSHOWS PLANNED

Last year the IoD ran a popular series of roadshows on how directors could encourage best practice in workplace health and safety. This year IoD plans to collaborate with the health and safety forum, Zero Harm, to run a series of roadshows on this topic in the second half of the year. We will release details and scheduling closer to time.

For a full copy of the IoD submission, please visit News/Legal, regulatory and compliance at www.iod.org.nz

Aspiring Director Award

The Institute of Directors in New Zealand (IoD) promotes excellence in corporate governance, represents directors' interests and facilitates their professional development through education and training.

- Are you engaged on a directorship path and aspire to enhance your governance career?
- Can you demonstrate a commitment to career development and a high level of integrity?
- Are you committed to development of governance abilities and roles?

Benefits include:

- \$1,500 towards an IoD professional development course of your choice
- complimentary membership of the IoD for one year
- complimentary attendance at four Otago Southland branch events where members can learn and share their experiences
- mentoring with an experienced director

This award is open to members of the Otago Southland branch and to non-members who apply for membership.

Applications close on Friday 30 May.

To obtain an application form please contact our Branch Manager, Vivienne Seaton, PO Box 5868, Dunedin 9058, email: otago.branch@iod.org.nz, Tel: 03 481 1308, Fax: 04 499 9488, or download from our website: www.iod.org.nz.

Otago Southland branch is kindly sponsored by:



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Talent

Coining the new currency

Here's the dilemma: you're a qualified, professional New Zealander. You've filed a fist-full of years in the trenches, built up your skill-base and acquired knowledge and experience that has started to attract the attention of head-hunters around the globe. With apologies to The Clash, should you stay or should you go? Wendy McGuinness, founder of the Wellington-based McGuinness Institute, a think tank focused on sustainability and New Zealand's long-term future, believes you should go. By Sharon Stephenson

"If you get the chance, go and see the world and grow your talents," says Wendy. "But one day we'd like you to come back, to help us grow New Zealand companies and develop our greatest opportunities."

It's all part of the McGuinness Institute's mantra of 'creating a place where talent wants to live', a phrase developed by the late Sir Paul Callaghan who worked closely with Wendy in the privately funded, non-partisan think tank.

"Sir Paul dared to dream about this country's future and how we could make New Zealand a place where talent wants to live. Talented people are the key to future economic growth and Sir Paul did a great deal of research around this subject before inviting all Kiwis to embark on the journey of making New Zealand a talent-based economy."

The day we speak, Wendy is en-route to Napier to meet with the local council. This is part of a national road-show to help New Zealanders create a talent-based economy and to promote its new publication, *TalentNZ*, which asks 30 successful Kiwis for their take on how best to implement Sir Paul's vision.

"We asked 30 Kiwis seven questions, from what talent means to them and what New Zealand needs to do to attract talent, to how to empower young New Zealanders. The subjects include well-known figures such as Rod Drury, founder of Xero, and

Mike O'Donnell from Trade Me to university lecturers, public servants, an architect and entrepreneurs."

Interviewees cover a range of ages, ethnicities and perspectives and while some choose to make New Zealand their home, others live in places as far-flung as New York and London. TalentNZ also includes contributions from Trade Me founder Sam Morgan, the mayors of New Zealand's main cities and demographic information such as migration, income and population projections.

The interviews were made possible by funding from Sam Morgan and turn the spotlight on what a talent-based economy might look like.

As a result of the interviews, four key goals became apparent, says Wendy.

THE NEW CURRENCY

"We need to grow, attract, retain and connect talent. Countries, cities and regions will need to do this; those that do not will struggle. Countries that understand this new economy will get first mover advantage. New Zealand could, and should, be one of these countries."

While this is in contrast to a knowledge, resource or even New Zealand's traditional commodity-based economy, she believes the solution is "as much about culture and a way of life as trying to predict which products and services will be in demand in ten years time".



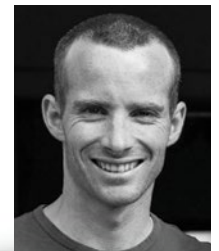
Patrick Nolan



Sir Paul Callaghan



Wendy McGuinness



Sam Morgan

'We need to grow, attract, retain and connect talent. Countries, cities and regions will need to do this; those that do not will struggle. Countries that understand this new economy will get first mover advantage. New Zealand could, and should, be one of these countries.'

"I believe we can all be part of a talent-based economy, we can all become curious, confident and effective communicators and we can provide a hand-up to support our young people as they make their way in the world."

Likewise, Wendy believes there are no longer any boundaries for talented people.

"Countries don't matter, places do. Talent is the new currency, just as programming is the new language. New Zealanders are competing with talented people from all over the world for jobs and we need to make New Zealand the place where they want to either stay, relocate to or come back to."

It's what Patrick Nolan calls "having a big piece of elastic". The economist has just returned to Wellington after seven years in the UK and says he was attracted back to New Zealand by the opportunity to be part of a talent-based economy.

TALENT ATTRACTS

"As Sam Morgan often says, 'talent likes talent'. We've obviously got the quality of life here, but now it's becoming very exciting in terms of growing one's career. I actually think it's healthy for people to go overseas and get experience and then come back to New Zealand. They're used to operating on a bigger scale, so they may try and do bigger things. I think the trick though is to keep in touch with New Zealand, to know what's going on and where the opportunities are – to make sure you're attached to the big piece of elastic that brings you back."

It's late March when this interview takes place and Wendy has spent the last few weeks on the road, visiting councils and holding public meetings in Tauranga, Dunedin, Christchurch, Auckland, Hastings, Wellington and Auckland.

As well as promoting TalentNZ she is working with local councils to make

useful connections and develop a Menu of Initiatives they can use to create a knowledge-based economy. These include turning an unused council room in Kaikoura into a computer lab for children and working with the Dunedin City Council to help the partners of new lecturers find work.

"Dunedin is a university town and often attracts talent in terms of lecturers – but they often bring a partner and family. If the partner can't get suitable employment, then they're unlikely to settle. Councils where thin employment markets exist need to be aware that partners are critically important if they want to retain talent in the community. Councils could work with the university to find ways to settle partners into the community more effectively."

IDEA SHARING

Also on the menu is 'twinning', which provides a way for institutions or businesses of a similar size, capability and purpose to work together on a project.

"Collaboration between businesses at local, national and even international levels is a great way to build skills and share ideas. In particular, it facilitates the integration of new businesses, which

is important – especially considering that 70 per cent of businesses fail within the first five years. For example, Dr Steve Thompson, who heads the UK Science and Innovation Network (SIN) initiative at the British High Commission in Wellington, organises commercially focused R&D collaborations between research organisations and institutions in the UK and New Zealand. The aim of this initiative is to create products that utilise the latest technologies and reduce carbon costs. Since 2008, there have been five collaborations per year that have generated a number of commercial products."

For Wendy, the Menu of Initiatives is "all about what works in a particular context".

"We believe we can help councils develop and implement strategies that can help them create diverse and interesting cities where talent wants to live."

The final Menu of Initiatives is expected to be published in June this year, with a view to it becoming a national resource.

For more information, visit www.mcguinnessinstitute.org.nz

You are a director, trustee or board member. You know where your organisation is heading, but is it in the right direction?



"For me, the G³ has pulled together and consolidated all my previous governance learning and experience and deepened my level of understanding. I am confident I leave with a level of clarity around the fundamental legal duties of

directors and trustees which is absolutely current and better than that of most directors. Along with a fresh board-centred perspective on the accounts and with greater clarity on the shape of strategic leadership a board should be providing. And with a reaffirmation of my belief that teamwork achieves the best outcomes, and that an effective board is a high-performing team."

Michael Crawford BCom LLB CA MInstD
Director, Horsham Ltd

This three dimensional **Governance Programme (G³)** provides the necessary knowledge and skills for good governance for SME, NFP, private and public sector organisations and is aimed at company directors, board members, trustees and councillors. This programme is offered in Hamilton and Wellington and starts in **May 2014**.

Scholarships are available – contact us NOW to find out more.
For more information phone **0800 800 891**, email execed@waikato.ac.nz or visit www.exec.waikato.ac.nz

Connecting, Learning and Transforming.

Waikato University 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.



THE UNIVERSITY OF
WAIKATO
Tē Whare Wānanga o Waikato

How do directors use LinkedIn?

Over the last year, the IoD's presence on LinkedIn grew spectacularly. Membership of the IoD's discussion group more than doubled from approximately 1800 in January 2013 to around 4000 a year later. This reflects a worldwide trend in growing participation on social media sites, but what do those in governance get out of LinkedIn? IoD Marketing Executive, Jessica Hill posted the question to members of the IoD LinkedIn group. We thank those who replied and publish some of their answers below



"As an aspiring professional director, LinkedIn has been great as both a networking and educational tool. The governance posts in groups are really valuable, plus I've been able to connect with the experienced directors and young professionals I've met at workshops".

– **Denise Moller, Marketing and Communications Manager, New Zealand at Marsh Ltd**



"For me, LinkedIn is about keeping my profile in front of the wider market, while at the same time running a group on HR, governance, and management issues. It's also about the robust discussions we have in the other groups in which I'm a member."

– **Steve Punter, Independent Director and Trustee of Westforce Credit Union**



"I have used LinkedIn for several years. Since changing my focus more towards governance, the benefits from LinkedIn changed. I have established a few relationships that started by sharing views on LinkedIn groups and then getting in touch with others that expressed similar views/approaches.

It's also really helpful to have a quick view of the profile of a person you meet for the first time. It reduces the number of facts to be remembered at the introduction and assists in identifying aspects that you have in common.

When applying for board positions, it makes sense for me to refer to my profile, as opposed to cramming everything into a governance CV."

– **Nel Botha, Professional Director, Director of PlanPro Insight Ltd**

APP-DATE



SignNow

SignNow allows you to sign documents quickly while away from the office. Using SignNow, you sign with your fingertip. The resulting signature is recognisably yours, but more polished than a pen-and-paper version. SignNow is compatible with PDF and Word documents.

We tested this on an iPad, but SignNow also runs on Android, Windows, and the Web.



30/30

30/30 is a task manager that you can use to manage multiple tasks for multiple boards.

First you set up a list of to-do's, assigning a length of time to each. Then you start 30/30's timer. It will alert you when you've spent the amount of time you wanted and will also remind you what your next task is.

30/30 is controlled with gestures and can pick up the difference between a two finger tap and a three finger tap command.

We tested 30/30 on an iPad, it is also available for iPhone.

TALKBACK

You can join the IoD group on LinkedIn, receive updates from organisations, catch up on governance news, raise issues, network and add your voice to discussions. Recent hot topics in the group have included refreshing board composition, preparing a company for capital injection, and restricting multiple directorships.

To join the discussion group, look for IoD in New Zealand under 'Groups' on the LinkedIn home page and ask to join.

Back to the beginning

With a following of just 500 members, the IoD in New Zealand Inc was registered as an incorporated society on 22 March 1989. With few staff and a tight budget, the foundations for growth were laid in the years that followed. By Katherine Robinson

From the 1960s through to 1989, the IoD operated as the New Zealand division of the IoD UK. Membership was by invitation only, and would have numbered around 100 to 150 directors.

The New Zealand organisation wanted independence from the UK mothership so it could better support and develop local directors. In breaking away, New Zealand was following other branches, such as Australia, Zimbabwe and South Africa.

Charged with implementing the split from the UK and growing the organisation, executive director Lieutenant Colonel Geoffrey Bowes proved to be the man for the job. He had retired from a distinguished career in the military and had a passion for governance. Before he took up the role of executive director (a role in which he served for a decade) he had worked for the Commonwealth Secretariat, setting up governance institutes globally.

"I had travelled around the world, looking at different director institutes and how we could adapt what they offered for New Zealand," he says.

Sent to London to cut the cord from the UK, he was booked into one of London's plush hotels for what he thought would be a two-night stay. "It took two and half weeks as at that time the UK council of the IoD only sat from 10.00am till 2.00pm."

Still, the split must have been well negotiated because to this day, New Zealand IoD members have retained the right to use the London headquarters of the IoD in Pall Mall for meetings.

In 1989 the IoD had a turnover of \$45,000 a year. Resources were tight. When Geoffrey was recruited, it was suggested that he "find the money to pay for himself." He ran operations initially from his living room but was so regularly on the road to drum up membership that one veteran IoD member described him as running the IoD "from his suitcase".

The membership drive was intense. In 1989, the IoD president, Gordon Gilmour, urged all members to invite at least one director they knew to join. By 1991, there were 900 members, 1500 by 1993, and 2000 by the time Geoffrey left in 1997. Turnover had risen to \$1.7million in 1997.

Geoffrey says that the organisation punched well above its weight. The foundation of many of the IoD's products, programmes and services were laid in those early years.

"We were the first of the director institutes worldwide to establish a Code of Practice for members. This pre-dated the Cadbury Report. We also published 'Practical Guidelines for New Zealand Directors' very early on." This was a predecessor of the *Four Pillars of Governance*.

IOD's New Premises

As advised in the last issue of Boardroom, the Institute has moved to new premises on Level 3 of South British House, 326 Lambton Quay Wellington which is next door to Westpac Head Office.

Members are welcome to use the facilities, at no cost, on an opportunity basis, as individuals.

Bookings should be made if members want to use the facilities for meetings, training etc. and charges will be made in these cases.

The IOD has a small meeting room (6 people), a formal boardroom which seats 12, and a training room that can accommodate 20. White boards, video and catering are available.

Bookings should be made with the Manager of Administration.



WORKMAN PUTTING FINISHING TOUCHES TO THE NEW TRAINING ROOM (NOTE VENETIAN BLINDS WILL BE HUNG).

Boardroom 5

reports presented to them." Frequently, limited time and expertise preclude directors from satisfying this condition adequately.

Very often the best solution is to engage the assistance of a risk management professional.

The emphasis of the Resource Management Act is on sustainable resource management and desired outcomes rather than prescriptive rules. The likely consequences are:

- more stringent controls imposed by re-

assessment of the adequacy of current practices.

Today, more than ever, Company Directors and Business Managers must be satisfied the operations they are accountable for operate within the law. David Jones in (Boardroom, November 1994) summed it up very well, "As long as directors take reasonable care and make informed decisions - and are honest - they have nothing to fear."



Staff of the IOD meeting in the new boardroom

Boardroom 3

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Boardroom

THE INFLUENTIAL ENVIRONMENT

BOARDROOM - A TIME CAPSULE

boardroom was issued as brief newsheet from 1987 and ran as a monthly newsletter by the end of the decade. From the beginning, *boardroom* has been a barometer of the times. Early issues highlight deep concern about New Zealand reeling in the wake of the 1987 stockmarket crash. Headlines such as "Directors Under Greater Scrutiny", "Lessons Learned from the Financial Crisis" "New Zealand Still Deep in Recession" may sound more contemporary than 20-25 years ago.

Early articles herald the establishment of newly created SOEs, and there is

evidence of advocacy of directors' interests to government in everything from insurance to taxation.

Diversity, at least as far as *boardroom* was concerned was not an issue until the mid-Nineties, when an article exploring the lack of women directors, interviewed a youthful Jenny Morel and Dame Roseanne Meo.

The most obvious change is the revolution in technology. Stories suggesting that the internet might be worth a look, anxiety about the millennium bug, advice that office computer systems can perform

a clerical role at best, and advertorials bragging about the boost that an answerphone can give to your business look as dated as a power suit now.

Digital upheaval and funny fashions aside, the IoD's message, as delivered by *boardroom* is essentially the same. In 2014 as in 1989, you can see a strong desire to raise governance standards and to support directors and boards with training and resources.



Past Presidents of the IoD

Successive presidents of the IoD National Council have been active in overseeing the growth of the organisation in their two-year term.

TOP ROW:

- Sir Clifford Plimmer** (1969–1975)
- Sir Geoffrey Roberts** (1975–1979)
- Dirk Hudig** (1979–1981)
- John Haworth** (1981–1983)
- Graham Valentine** (1983–1985)

SECOND ROW:

- Peter Grayburn** (1985–1987)
- Denis Griffin** (1987–1989)
- Gordon H Gilmour** (1989–1991)
- Peter Clapshaw** (1991–1993)
- Robert Greenslade** (1993–1995)

THIRD ROW:

- John Storey** (1995–1997)
- Basil M Logan** (1997–1999)
- Norman Geary** (1999–2001)
- Barry Dineen** (2001–2003)
- Bruce Davidson** (2003–2005)

BOTTOM ROW:

- Rick Bettle** (2005–2007)
- Paul Hargreaves** (2007–2009)
- Kerry MacDonald** (2009–2011)
- Denham Shale** (2011–2013)

“A lot of people were involved with the IoD at the time. I worked with particularly good chairmen who gave so much of their time to the IoD over the years.”

This core of committed directors were willing to use their clout, contacts and occasionally their chequebooks to grow the organisation.

The branches, initially in Auckland, Wellington, Christchurch and Dunedin spread to include Hamilton, Nelson and Tauranga with sub branches in Palmerston North, New Plymouth and Napier.

Events, fronted by national and international speakers, might have initially pulled in a handful of members, but by the mid-nineties, a conference featuring British Airways chairman, Sir Colin Marshall, drew around 400 delegates to Wellington.

“We also had Jonathan Charkham, one of the authors of the Cadbury Report as a speaker,” he says.

The first residential Company Directors’ Course was held in Wellington in June 1991. Conducted by the IoD in partnership with Victoria University, the course covered company law, finance, accounting, corporate planning, HR and wider aspects of company direction.

In March 1992, president Peter Clapshaw said that the highest priority should

be given to education of directors, and the Company Directors’ Courses had expanded to at least two every year.

“It did take a while to get our message about director training across. Initially, it was a struggle to get 20 candidates for a course. Most directors at the time didn’t think that training was necessary,” says Geoffrey.

He credits support from Sir Dryden Spring and the Dairy Board in helping to launch the professional development courses in the first few years. Currently, there are at least twenty Company Directors’ Courses each year and most are heavily over-subscribed.

In 1990 the IoD launched the IoD Board Appointment and Advisory Service. Run by volunteers, this was the basis of the IoD’s now highly professional Board Services.

National office was nomadic in the early years. Once head office had outgrown Geoffrey’s living room, it moved around Wellington’s CBD, settling at its current headquarters on Customhouse Quay in 2010. By 1997, Geoffrey had built up a staff of seven at national office and a number of part-time branch secretaries.

The organisation grew largely by word of mouth, which is not to say that there was no marketing. Branding was already important. In 1990 members could purchase blue and maroon ties with the IoD logo for \$25 and

membership certificates for \$17. Members were also encouraged to use the letters MinstD or FinstD after their names.

Apart from size and scale, what was different in those early years? For a start, there were fewer women. We do not have exact figures for the number of women members 25 years ago, but estimates put it well under 10 per cent. Currently over 25 per cent of IoD members are women.

There has been a demographic shift as well, the median age of an IoD director is now 54, compared to retirement age 25 years ago. There has been a steady increase in younger members through initiatives such as discounted membership rates for members under-40 and the branches’ Aspiring Directors’ Award.

If you have stories to tell about the early days of the IoD, we would like to hear them. Please email katherine.robinson@iod.org.nz

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- Drive growth and performance for your board

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■ betterBoards

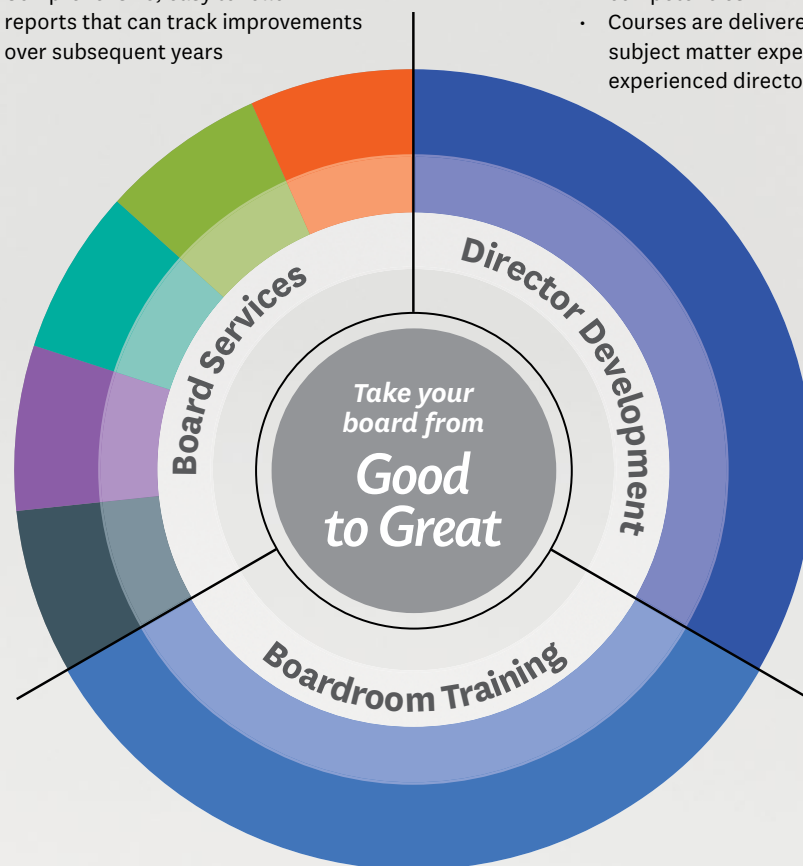
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Enable professionals to meet the challenges of the boardroom with scheduled courses.

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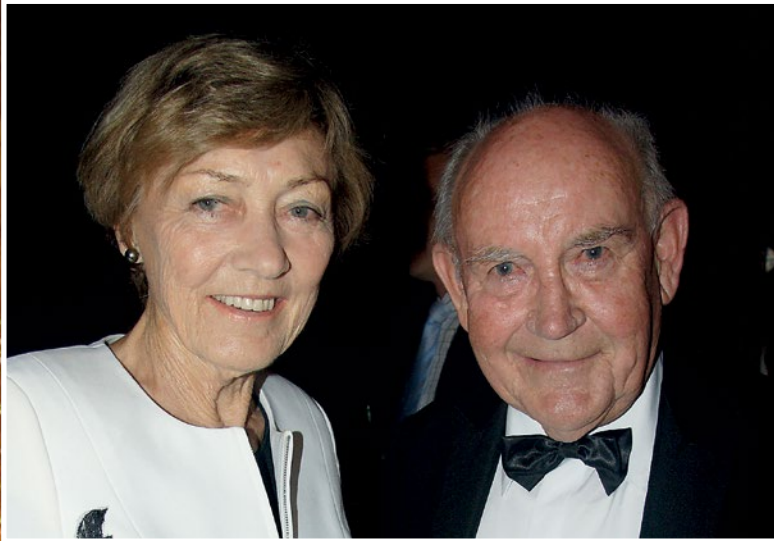
■ boardroomTraining

Focus on your specific requirements with facilitated, customised courses and workshops.

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IoD celebrates a landmark year

The IoD celebrated the 25th anniversary of the organisation at a gala dinner in Auckland last month.



Dame Alison Paterson and Lieutenant Colonel Geoffrey Bowes



Held to coincide with the IoD's 2014 leadership conference, The Right Stuff, the celebration drew around 300 participants.

"I would like to acknowledge the work of the founders and the builders of the IoD, particularly those here tonight, who did so much to create the great organisation that we have today," said IoD President Stuart McLauchlan.

Among those present were six of the IoD's past presidents – John Haworth, Peter Grayburn, John Storey, Bruce Davidson, Paul Hargreaves and Denham Shale. Distinguished Fellows at the dinner were Sir Bill Gallagher, Rob Jeffrey, John King, Peter Menzies, Sir Tipene O'Regan, Dame Alison Paterson, Peter Roselli, Sir Dryden Spring and Jim Syme.

Speakers included IoD CEO Dr William Whittaker, Australian Institute of Company Directors CEO John Colvin, IoD UK Director General Simon Walker and Olympic medallist and current Chef de Mission of the New Zealand team, Rob Waddell.

Beyond PPPs – what should happen next?

The Government's launch of the public-private partnership (PPP) model in 2010 marked the most significant shake-up of the major projects procurement landscape in years. To date, two PPPs have reached financial close, one is fully operational, and three more are in various stages of procurement. By Adrian Wimmers



Adrian Wimmers

Much of the commentary on public-private partnerships is focused on financial aspects, such as relative borrowing or building costs. However, the main lessons learnt come from the procurement and asset management elements, including:

- **Functionally led design:** where the intended use, operation and maintenance of the assets drives the design solution
- **Whole of life approach:** where competition in the tender process revolves around the whole of life cost rather than the cheapest construction cost, minimising the long-run costs to the taxpayer and maximising potential innovation
- **Commercial discipline:** rigour around developing the investment proposition ahead of the tender process and a higher degree of commercial management through the process to maximise value for money
- **Integration:** where the private sector takes on a greater role in making sure all the pieces come together at the right place and time, leaving the public sector free to focus on its core public service role

There are also several process elements where the PPP model represents an improvement to traditional practices, including the degree of market engagement during the development of

the investment proposition, the use of output specifications (i.e. statements of what is to be delivered, rather than how it should be delivered) that minimise the constraints placed on solutions, and the use of interactive tender processes that maximise the likelihood of high quality bids.

For all the benefits public-private partnerships can offer the right projects, they come with strict limitations. The National Infrastructure Unit recently issued a capital intentions plan suggesting that over \$80 billion of capital projects are planned over the next 10 years. Lessons from other jurisdictions suggest that over 95% of the potential projects in this pipeline will not be suited to public-private partnerships due to their size, scope for innovation, requirement for stable service, and ability to generate whole of life efficiencies.

The Government's use of the PPP model can best be considered as a procurement reform programme. The potential benefits of that reform will only be realised if the best practice elements of PPP become more widely adopted in other forms of procurement, and we want to see a greater drive towards this across the public sector. We would like to see greater return on the investment it has taken to establish PPPs in New Zealand, both for the public sector, given its development

of the model, and for the private sector so that the quality of thinking evident in existing PPPs can find wider application.

Strategic thinking from the Government on how to drive better long-term value for money and productivity across the major projects landscape. The Government has an interest, if not a responsibility, to ensure that New Zealand has a sustainable and capable development and construction sector. Through its major projects procurement strategy, it needs to exert influence on the efficiency, effectiveness, breadth, depth and capability of this sector for the benefit of our economy in the long run. This requires a level of sophistication and maturity in strategic procurement capability, which is present in pockets across the public sector but requires further investment and coordination.

Our view is that PPP has been a worthwhile experiment that has demonstrated better practices in procurement and asset management. We would like to see it continue on the projects to which it is best suited, in addition to the elements that add most value being more widely adopted. This would allow the benefits to both public and private sides of the infrastructure sector to be broadened and sustained.



In the world of
cyber security,
innovation
is protection.

TAKE YOUR PICK

There are at least two procurement models that should be developed and considered in all major project business cases: a Private Developer model and a Design, Build and Maintain (DBM) model.

PRIVATE DEVELOPER MODEL

Some use of private developer models exists in the public sector head office accommodation market, but it is an under-utilised approach in the delivery of wider state sector projects. This model allows the use of private finance in projects that do not meet the size requirements of PPPs through the Crown entering into some form of long-term lease structure. Depending on the nature of the project, the Crown can benefit through not having to carry the full costs of ownership, or realise some of the whole of life efficiencies and integration benefits currently available only through PPPs.

DESIGN, BUILD AND MAINTAIN

This approach would provide a strengthened incentive for better whole of life performance from construction firms, together with facilities management divisions or partners, without the transaction costs that come with bank involvement. An example could be a contract that comes with a 10-year maintenance wrap, with commercial incentives to meet defined performance standards. This would encourage many of the same trade-off decisions on capital versus operating costs and materials selection that occur in a PPP.

Adrian is a partner within KPMG's Management Consulting team and is based in Wellington. Adrian leads KPMG's Infrastructure and Projects group and financial advisory services to Government clients

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The invisible enemy: cyber risks

In Marsh's recent Directors' Risk Survey, directors highlighted their concerns around IT risks, with 'disruption to your business following a major IT disruption' and 'loss of data, data corruption or failure of system security or website security' being ranked first and third respectively as the top internal risks to an organisation. Given these concerns, we brought together Jeremy Simpson, Principal, Financial Crime Forensic Accounting and Claims Services and Xavier Marguinaud, NZ Cyber Risk Speciality Head from Marsh to talk about cyber risk



Q: Cyber risks are being talked about more than ever before. Why is there such a buzz around this topic?

Jeremy S: To quote Rod Beckstrom, former President of Internet Corporation for Assigned Names and Numbers (ICANN), “Everything that is connected to the internet can be hacked, and everything is being connected to the internet.” It is estimated that there will be 25 billion devices connected to the internet in 2015.

In the recent *World Economic Forum (WEF) Global Risks 2014 Report*, digital disintegration was identified as one of three global focus areas for the next ten-year horizon as “a threat to the internet increasingly means a threat to everything”. The internet was originally built for resilience, not security, and risks continue to grow more serious for one key reason: attacking others in cyberspace has always been easier than defending them.

In February this year, the US National Institute of Standards and Technology (NIST) released the first version of the Framework for Improving Critical Infrastructure Cyber Security, in recognition that the economic security of the United States depends on the reliable functioning of critical infrastructure. In New Zealand, the National Cyber Security Centre (NCSC) has released new cyber security standards that were developed and agreed by operators of critical power infrastructure.

Q: Is the risk exposure different from one company to another?

Xavier M: Each company has its own unique features (activities, processes, etc) and these then relate to specific exposures to cyber risks.

Cyber risks even differ between industry sectors, with some being more exposed than others. I think financial services (banks, accountants etc), healthcare, technology providers and retailers are particularly at risk.

It is interesting to note also that cyber risk exposures are diverse and based on several components.

In other words, if a real estate agent and a chemical manufacturer are both exposed to cyber risks, the first one will have its exposure based on the amount of data (client details) gathered and stored to

run its business while the manufacturer’s exposure is based on the dependency of its IT system to manufacture its products.

Q: What are the features of a company with a high risk profile in terms of cyber security?

Xavier M: The company would have an important and varied amount of client data (identification, banking information etc) and also be highly dependent on its IT system. Companies with strong brand names and reputation or institutional symbols are often targeted.

Companies with overseas activities or clients have increased exposure as legal duties are more restrictive in some countries (especially in the US and in Europe).

Q: What are the boardroom implications?

Jeremy S: In a recent Global Economic Crime Survey*, 40% of C-suite respondents in New Zealand stated that they are concerned about cyber threats, including lack of data security, and 25% have experienced cybercrime. A board has an obligation to oversee an organisation’s cyber security programme as 100% protection is not a reality in our interconnected world.

The US National Association of Corporate Directors (NACD) 2014 report, *Cyber Security: Boardroom Implications*, highlighted a “lack of cyber literacy” and an urgent need for an increased focus on cyber security by boards. Cyber security should not be treated solely as an ICT issue but rather as an enterprise risk with stakeholder engagement across the business.

Q: What are the key elements of an effective cyber security programme?

Jeremy S: The increasing connectiveness of the modern organisation and the ever-changing nature of cyber risks dictates that an effective cyber security programme must be based on the continuous improvement principles of risk management, namely: context, assess, manage, monitor and review and communication**. The NIST Cyber Security Framework defines the following as key functions: identify, protect, detect, respond and recover.



Xavier Marguinaud



Jeremy Simpson

Q: Are existing insurance policies sufficient to protect companies from cyber threats?

Xavier M: The rapid evolution of privacy and computer security risks has left many traditional forms of insurance unable to adequately respond. Even if some coverage can be provided in traditional insurance (e.g. IT expert costs in crime policies, cyber extortion costs in kidnap and ransom policies), we recommend cyber policies. This dedicated solution will provide new coverage not available in traditional insurance (e.g. notification costs) and is preferable to adding coverage to existing policies.

Furthermore, in the case of a claim, organisations without dedicated cyber policies will have to notify the claim under several policies and will potentially see their premiums increase.

Advice for Directors

Three key pieces of advice to directors who want to set up an insurance solution to help protect their organisation against cyber risks

1. Clearly understand your exposures and the scope of insurance already in place to identify where your coverage gaps are.
2. Work on the above step with your broker. Share your concerns so that you can set up a tailor-made policy which will work in perfectly with your potential exposures and your current insurance policies.
3. Last, but not least, establish comfortable limits and deductible levels and do not hesitate to adapt your cyber coverage according to the evolution of your exposure.

For more information on cyber risks, please contact Jeremy Simpson jeremy.simpson@marsh.com or Xavier Marguinaud xavier.marguinaud@marsh.com.

* PwC Global Economic Crime Survey 2014

** ISO 31000:2009, Risk Management – Principles and Guidelines

Director Development – plan your course



Professional development is key to keeping up in a fast-changing world. It offers the chance not only to gather new information, but also to take time out and see the world from a different perspective. Sharing the learning experience with others not only deepens the learning process but widens networks.

The IoD offers a portfolio of courses designed to suit directors at all stages of their careers. For more details and to register, visit www.iod.org.nz or use the QR code below



Re:START shopping mall – rethinking urban form

Insights and opportunities in Christchurch

The five-day residential Company Directors' Course is Director Development's flagship course – and it fills fast. However, there are still places available in the Christchurch-based course in late June

We see this as an opportunity for you to not only add depth and breadth to your knowledge of governance but also to witness the development of what will become the world's first city with a truly 21st century heart.

At its core, the Company Directors' Course covers all aspects of governance – the course content is the same no matter where it is held in New Zealand. However, outside the course, and perhaps through networking opportunities within it, we see the Christchurch-based course as being able to offer out-of-town participants the chance to gain a first-hand perspective on the rebirth of our second largest city.

Earlier this year, the *New York Times* ranked Christchurch as one of the top two cities in the world to visit this year. *Lonely Planet* has also put Christchurch as number six in a list of the Top Ten world cities, praising Christchurch for “seizing a unique opportunity to rethink urban form” and “rising from the rubble... with a breathtaking mix of spirit, determination and flair”.

The \$40 billion rebuild is of a scale never witnessed in New Zealand before and is driving the national economy. With most of the demolition of the CBD complete, the rebuild is starting to gain momentum with buildings such as the Strange's building demonstrating the innovation required to meet a stringent safety code.

Of equal interest are the solutions business has found to solve extraordinary problems. Ventures such as the Enterprise Precinct and Innovation Campus (EPIC), homebase to a group of independent IT companies made homeless in the quakes, demonstrate a willingness to collaborate to gain an entrepreneurial edge.

The next **Company Directors' Course** to be held in Christchurch is at Clearwater Resort, Clearwater Avenue, Harewood Christchurch, 29 June – 4 July 2014. The resort is 7 minutes drive from Christchurch International Airport and 15 minutes from Christchurch CBD.



Scan for more on
Director Development

GDP – at a region near you

For most regions, the 2014 Governance Development Programme (GDP) begins again soon, with the course held in Blenheim for the first time. Designed for new directors, managers who interact with boards, and those with directorship aspirations, the course covers the fundamentals of governance and looks at the roles, duties and legal aspects of being a director.

Six national and four local presenters give each course an engaging mix of perspectives, informed by personal war stories and experiences in the boardroom. The course spans ten sessions, offering participants the opportunity to build their networks and the time to apply and embed learnings.

If you're new to a board role, aiming to enter one, or own or operate an SME, this course will take you well beyond the textbook and into practical application.

GDP has already started in Otago Southland. Courses will start soon in Christchurch, Hamilton, Queenstown and Blenheim. For details and to register online, visit iod.org.nz/directordevelopment.

Essentials for Not-for-Profits

Our Not-for-Profit Governance Essentials course recognises key differences between the commercial and not-for-profit sectors and explains how these translate into governance.

The course provides a complete framework for governance, including legal duties, strategy, performance, and codes of practice. The essentials of working on a board are also covered, including board composition, competencies and protocols, as well as board papers and meetings.

Feedback from recent course alumni has been very positive, with participants describing it as useful and practical.

"Everything I learnt can be put to use in my organisation."

Tailored for new or aspiring directors and managers who work with NFP boards, Not-for-Profit Governance Essentials gives a solid grounding in governance and the board's role within a not-for-profit environment.

For details and to register online, visit iod.org.nz/directordevelopment.

Extra Essentials Courses

Owing to demand, we are pleased to add the following courses to the Director Development calendar.

Finance Essentials

11 June Christchurch

Governance Essentials

19 June Wellington

Company Directors' Course (CDC) – Two New Dates

We are pleased to offer two additional Company Directors' Courses to be held from:

19 – 24 October Auckland

30 November – 5 December, Napier

Company Directors' Course

The Company Directors' Course is a week-long residential course that has been the bedrock of governance training for New Zealand directors for some years.

It covers governance best practice, strategy, understanding finance, a director's legal obligations and board dynamics. One of the hallmarks of the course is its relevance to governance today as it draws on the talent and experience of facilitators who are current practising directors.

We proudly show graduates of recent courses.



Company Directors' Course February 2014

FRONT ROW: (Left to right) Jackie Callaway, Joan Leitch, Grant Shuker, Andrew McGill, Andrew Nugent, Sonja Hawkins, Mel Hewitson, Gillian Simpson

BACK ROW: Matt Noonan, Diane Edwards, Andrew Gray, Jordan Lilley, John Wilkinson, Scott Thorne, Norman Stacey, Jim Blackwell, Vanessa Donald, Ged Donald, Pablo Kraus, Steve Howse, Ondine Waddle, Mark Saunders, Rob Levy, Liz Reese, Lucy Chang-Lorinczi

betterBoards just got better

*Best practice boards commit to evaluation
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BetterBoards is an online evaluation tool that helps boards identify their strengths and weaknesses, assess their performance and determine opportunities to become better at what they do.

It is simple to set-up, easy to use, and now accessible across mobile web platforms. The evaluation reports are comprehensive, easy to follow and accompanied by an overview to assist the Chair in leading post-evaluation discussions. Additionally, boards can choose to have an IoD facilitated board report discussion to explore the board's current situation and determine future direction.

BetterBoards is the only board evaluation tool that shows how your board is performing against the *Four Pillars of Governance Best Practice*.

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Board Services

New DirectorSearch Appointments

The IoD maintains New Zealand's largest database of independent directors. We can help you recruit the best people by searching this database and matching individuals' skills and experience with just what you're looking for



Karen Price

Karen Price has recently been appointed to the board of Morrison Low, an Australasian management consulting firm with offices in New Zealand and Australia. Karen is an environmental lawyer with twenty five years experience in integrated risk management, major infrastructure projects and climate change. She has set up several new companies: a specialist law firm (ChanceryGreen) and a New Zealand carbon emissions brokering business (New Zealand Carbon Exchange Limited and related companies).

Morrison Low specialises in advising local government on strategic and management issues.



Grant Jeffrey

Grant Jeffrey joins the Jenkins Group board of directors, also through the IoD DirectorSearch service. Jenkins Labels and Jenkins FreshPac System are a leading contributor at every stage of the label creation process. They have two NZ manufacturing/printing plants; Mt Wellington, Auckland for food and beverage, and Tauranga for fruit and produce labels and a third based in Albury, NSW. Grant is currently the GM of the Kiwifruit Processing Company Ltd, based in Tauranga and Director of Prime Consulting International Ltd (New Zealand and Australia). He brings more than 20 years' sales and manufacturing experience, both domestic and international, to the Jenkins board.

Looking for advice?

Recognising that every board is different and face a range of issues unique to their operating environment, the IoD provides tailored advice and expert knowledge on all aspects of governance.

With a core team of governance professionals, the IoD can also call on a wide range of skills from within the membership for requirements that need specific skill sets or experience.

Within the framework of best practice, we work with boards on issues as diverse as reviewing governance policies, practices and board operations, strategy formulation and reviewing governance structures.

If you would like to discuss how the IoD's governance advice service can support your board, please contact Board Services on 04 499 0076

branchevents

A preview of branch events to be held over the next two months. For a full update check the branch section of www.iod.org.nz or use the QR code



Scan for the latest
Branch Event updates

AUCKLAND



Chris Moller

Breakfast function with Chris Moller

Meridian Energy chairman Chris Moller gives the inside story on New Zealand's largest ever IPO.

7:30am-9:00am, 8 May, The Northern Club, 19 Princes Street

Welcome cocktail evening for new members

5:30pm-7:30pm, 12 May, The Northern Club, 19 Princes Street

Building governance capability

A Next Generation Directors evening workshop.

4:30pm - 7:30pm, 13 May, BNZ Partners Business Centre, Deloitte Centre, Level 7, 80 Queen Street

WAIKATO



Bruce Sheridan

Lunch function with Bruce Sheridan

Wise Group chairman Bruce Sheridan speaks on governance in the not-for-profit sector.

**12:00pm-2.00pm,
14 May, Waikato Stadium**

WELLINGTON

East Coast breakfast

Hawke's Bay members will be able to hear about the challenges of establishing and implementing governance in water projects from Dr Andrew Pearce at a breakfast function. Dr Pearce is chairman of HB Regional Investment Company Ltd, which is progressing the Rutaniwha Water Storage Project for the Hawke's Bay Regional Council.

7:15am-9:00am, 8 May, Hastings (venue to be confirmed)

Chartered Director roadshow

CEO William Whittaker explains the Chartered Director programme in-depth and answers your questions.

7:30am-9:00am, 30 April, Napier War Memorial Conference Centre, 48 Marine Parade, Napier

5:30pm - 7:30pm, 30 April, BNZ Partners Centre, 203 Broadway Avenue, Palmerston North

The Summerset story

Summerset CEO Norah Barlow speaks at a breakfast event.

7:15am-9:00am, 27 May, The Wellington Club, Level 6, 88 The Terrace, Wellington



Norah Barlow

Director Dinner

EBOS chairman Rick Christie on mergers and acquisitions.



Rick Christie

6:10pm-9:00pm, 22 May, The Wellington Club, Level 6, 88 The Terrace, Wellington

BAY OF PLENTY

The Boardroom Taniwha: misperceptions and challenges

International speaker Ngahihi Bidois shares the Tauhara North Trust governance structure and philosophy.

5:30pm-7:30pm, 7 May, Novotel, Lake End, Tutaneikai Street, Rotorua

Drugs: are they in your workplace?

Errol Brain speaks at a breakfast function.

7:00am-9:00am, 12 June, Tauranga Club, Devonport Road, Tauranga

NELSON MARLBOROUGH



Peter Williams

Media and business: the business of media

Television personality Peter Williams shares his thoughts on the evolution of the relationship between business and the

media. Observations will also be made on the challenges of continuing engagement with the media to maintain a relationship that is effective in both good times and bad.

12:00pm-1:30pm, 15 May, Trailways Hotel, 66 Trafalgar Street, Nelson

Governance experiences in New Zealand and Asia

Professional director Bob Major gives an overview of his career in governance, with particular focus on the wine and dairy industries.



Bob Major

12:00pm-1:30pm, 19 May, Quench Restaurant, Chateau Marlborough, corner High and Henry Streets, Blenheim

CANTERBURY

Reflections on acting leadership roles in the public sector

Members are invited to a cocktail event with Shenagh Gleisner, who will talk about hitting the ground running in demanding leadership roles, contract work and the insights into culture it can offer, and the use of generic leadership capabilities in contrasting agencies. Shenagh has held a number of high-level leadership roles in the public sector, with many of her recent contract roles focused on change leadership.

5:45pm-7:45pm, 19 May, The George, 50 Park Terrace, Christchurch

LinkedIn Workshop with Linda Coles

Discover what an effective LinkedIn presence can do for your brand and your network. These workshops cover building a LinkedIn profile, participation in discussion groups, connection etiquette and managing company pages.

*Session 1: 11:00am-1:00pm
Session 2: 2:30pm - 4:30pm
7 May, The George, 50 Park Terrace, Christchurch*

OTAGO SOUTHLAND

Professionalism in the boardroom: personal perspectives on working relationships

Members are invited to a luncheon with guest speaker Dame Rosanne Meo.

12:00pm, 9 May, The Dunedin Club, 33 Melville Street, Dunedin

Not-for-Profit Passion and Purpose Series

John McGill and Diana Hudson discuss CEO motivators, remuneration and employment issues

5:30pm-7:30pm, 7 May, The Dunedin Club, 33 Melville Street, Dunedin

Not-for-Profit Passion and Purpose Series

A panel discussion with John Gallaher, Dr Jennifer McMahon, Russell McGeorge and Carol Melville, focused on governance in different types of NFP organisations and with notes about funding.

5:30pm-7:30pm, 12 June, The Dunedin Club, 33 Melville Street, Dunedin

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branchnews

WHAT'S A QR CODE?

Short for quick response code, a QR code is a type of barcode that can be scanned with a smartphone. It can take you directly to a website or offer access to specials or giveaways. An app for scanning QR codes can be downloaded through your device's app store by searching 'QR Reader'.

Scan for more Branch News



AUCKLAND

Former Minister of Finance the Hon. Ruth Richardson gave an insightful address on "Governance beyond boundaries" on April 2. Driven to see companies become "globally great from a New Zealand base", she drew on her experience as the director of four international companies based in Christchurch to offer common governance lessons.

Prominent businesswoman Diane Foreman addressed a lunch function on April 10, discussing entrepreneurship and growing international business. A patron of Entrepreneurial Winning Women, Diane also spoke on women's place in the boardroom and why she doesn't believe in quotas. Her presentation can be viewed at iod.org.nz.



WAIKATO

Professional director Jan Dawson spoke on a number of topics set to affect business in the coming years, including board diversity.

Mighty River Power chair Joan Withers offered her insight into the workload of a board going through an IPO, saying that energy and time are required.

Waikato branch member Ken Williamson became a Fellow of the IOD and was presented with his certificate by branch chair Margaret Devlin.



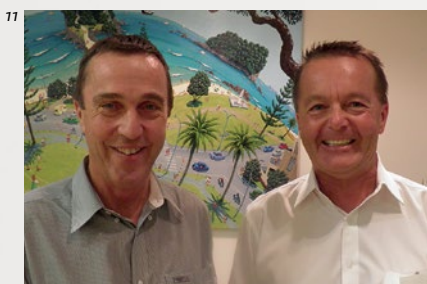
- 1 | Branch members at the Ruth Richardson address (Auckland)
- 2 | Diane Foreman, Liz Coutts (Auckland)
- 3 | Anna Schmidt, Olivia Willard, Anna Francis (Auckland)
- 4 | Wendy Rowe, Margaret Moore, Claire Fergusson, Claire Bruell (Auckland)
- 5 | Stuart Anderson, Joan Withers, Roger Evans (Waikato)
- 6 | Leone Farquhar, Brooke Courtney (Waikato)
- 7 | Jan Dawson, Mary Cave-Palmer (Waikato)

- 8 | Sue Oldridge, Leanne Milligan, Evelyn Weir (Waikato)
- 9 | Margaret Devlin, Ken Williamson (Waikato)
- 10 | Prof Delwyn Clark, Anna Bounds, Michelle Hollands (Waikato)
- 11 | Glenn Snelgrove, Daryl French (Bay of Plenty)
- 12 | Amy Porter, Chris Fluery (Bay of Plenty)
- 13 | Agnieszka Grudzinska, David Kenning (Nelson-Marlborough)

- 14 | John Mendzela, Darren Mark (Nelson-Marlborough)
- 15 | Don Nicolson, Rick Christie (Otago-Southland)
- 16 | John Falconer, Warwick Cambridge, Keith Ashley (Otago-Southland)
- 17 | David Rose, Bevin Watt and Neil Gardyne (Otago-Southland)
- 18 | Trevor Thornton (Canterbury)

BAY OF PLENTY

Tauranga’s Enterprise Angels have invested millions in start-ups and are driven to turn great ideas turn into success stories. At an event on 19 March, Enterprise Angels directors Bill Murphy, Neil Craig and Daryl French told BOP members what it’s really like to pitch an idea to the Angels.



NELSON MARLBOROUGH

John Mendzela gave an overview of the global financial crisis and its implications for NZ businesses at a branch event on 3 April. He stressed that in order to make successful strategic change, you need clear directions, agile implementation and to match the right people to outcomes.



WELLINGTON

Mighty River Power chair Joan Withers highlighted the improved professionalism of directors and the need for board evaluation and self-assessment of personal skills. She spoke about the experience of having a future director candidate on one of her boards, and the positive outcomes associated with this.

Rollo Wenlock of Wipster and Craig Richardson of Wynyard Group addressed the question ‘How do I set up a board to build credibility in the market?’ at a FirstBoards event.

A brown bag luncheon on 4 April saw our new Advisory Board Toolkit become the subject of a roundtable discussion with advisors and owner-operators.



OTAGO SOUTHLAND

Drawing on his experience as head of the Serious Fraud Office, Queenstown Lakes District Council CEO Adam Feeley spoke on how directors can mitigate the risk of fraud.

Rick Christie addressed Otago Southland branch members at the new ILT Stadium Southland in Invercargill on March 27. Speaking on business leadership in the 21st century, Rick outlined approaches to improving innovation in business and discussed diversity of skills around the board table.



CANTERBURY

Canterbury members and their guests heard from Trevor Thornton on the power of statutory management. Drawing on his experience working on the statutory management of Aorangi Securities, he shared learnings around the intense level of public scrutiny, the role of social media, and the challenges of an investor liaison group.

Professor Conan Fee outlined the strategic, risk and operational aspects of his time as chair of the Burnside High School Board of Trustees, having held the role through the turbulent earthquake period when Avonside Girls High School and the University of Canterbury shared the site.



Smart leaders use energy efficiency to energise their businesses.



Senior management vision and leadership are key to unlocking the benefits of energy efficiency. Projects to improve energy efficiency often deliver a raft of co-benefits. On top of cost savings, improving energy use can increase productivity, reputation, and create a healthier work environment.

New Zealand firms could save around \$1.6 billion every year through energy efficiency. And that's just energy savings – there are many other benefits related to energy efficiency. But realising even a small percentage of this requires vision from the top – firstly to recognise the opportunity and then to commit the resources for an effective programme.

Where business leaders have a vision and strategy for energy efficiency, there are often spectacular outcomes. It's no coincidence that when you unpick the strategy underpinning success for some of our most celebrated companies, energy efficiency is frequently part of their DNA.

Auckland International Airport's programme to reduce carbon emissions, improve energy

efficiency and reduce fuel use is delivering savings of more than \$1 million a year. The Airport has gained a slew of international awards – including the prestigious Skytrax Award for best airport in the Australia-Pacific region no less than five years in a row. An intense focus on end-to-end passenger experience, including efficiency initiatives, is part of that story.

Judy Nicholl, General Manager Aeronautical Operations, says senior management support is vital to the programme's success. "The elements that set the Airport's energy management programme apart are ambitious goals, continual revision and development of targets as they're achieved, and management-level support."

"This has never been a stand-alone programme, disconnected from the rest of Airport operations. It's always been part of the wider business strategy, with results measured and reported internally and publicly." Ms Nicholl says.

Major food group ANZCO Foods recently hit its target of saving 25 gigawatt hours of energy, saving \$2.1 million since putting an energy management programme in place just over a year ago. As one of our largest exporters, smart energy use is part of ANZCO's wider story of environmental stewardship that has

helped secure global contracts and annual sales of \$1.3 billion.

Air New Zealand has saved more than \$500 million since starting its energy saving drive in 2005. In the competitive airline industry, it is feted for its innovation and strong track record in slashing CO2 emissions – with senior executives leading from the front.

Management commitment also underpins ASB Bank's innovative energy-saving programme – one that's worked to engage and enthuse staff, on top of delivering \$850,000 a year in savings.

In the construction arena, Golden Bay Cement enjoys the competitive advantage of being the only New Zealand cement that can be specified in green building projects as it meets Environmental Choice criteria. That's thanks to energy innovations that have saved \$3m annually and cut CO2 emissions by 58,000 tonnes per year.

Regardless of size or sector, leadership drives energy efficiency success – which can be integral to achieving other strategic goals, says EECA BUSINESS™ GM Greg Visser. "The common thread between these diverse companies is leaders who see the link between energy efficiency and the wider business vision – and keep a focus on results."

www.eecabusiness.govt.nz

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