

Dear member,

Proposed ACS Board Restructuring

Background

The current ACS SA & NT Board was established over twenty years ago and reflects the perceived need at the time. Regional representation was defined geographically by creating three areas, and a thirteen-person structure was considered appropriate to ensure optimum representation.

Modern governance theory strongly advocates for smaller numbers on Boards of Management regardless of whether they have a commercial or community (not-for-profit) orientation. Additionally, to meet the ever increasing demands of the regulatory, financial and governance regimes, the need for wide ranging skills amongst representatives has been highlighted. This ensures rigour around the strategic direction, policy development and performance monitoring.

The changed thinking reflects both broader societal changes (proliferation of new organisations, time and lifestyle changes, etc) and the view that large numbers are not necessarily a prerequisite for sound governance – good policy, processes, procedures and sound resources management are the factors that guide good governance.

The current ACS structure also has an historical anomaly in that there are elected (metropolitan members) and appointed members (regional members).

The optimum size for a Board of Management is between eight and ten individuals. Generally provision exists to co-opt others on an 'as required' basis to enhance the 'skills set' on the Board. Such appointments are typically for shorter periods to enhance the Board's knowledge base and provide subject-specific expertise.

Discussion about the desirability of reviewing the governance framework has been on the Board's agenda since mid-2008. Further discussion took place in 2009 and a Board sub-committee was established in June 2009. It reported to the Board in August 2009. Further work was sought around a couple of issues including the proposed election of both regional and metropolitan Board members. The Board finalised its position at the February 2010 meeting having further debated matters in late 2009.

Proposal

The unanimous view was that the current Board number of thirteen is too large and that eight, with the ability to appoint three additional directors, was the preferred option.

The other key factors agreed by the Board that are part of the proposal are:

- Greater emphasis would be made on the skills that individuals brought 'to the table' – what contribution they could make to enhance the role of the Board and assist ACS in a strategic sense. This would call for a more focused nomination process and evaluation of the skills set and experience.
- Board members would serve a 3-year term, with the maximum number of consecutive terms served by an individual limited to three. Further terms could be served provided there had been a break of at least 12 months at the end of the three consecutive terms.

- Co-opting members to the Board would be internal (member representatives with known skills) and/or external (individuals from outside the aged care sector).
- Co-opting members would only occur if endorsed by a Board majority due to an identified need for a specific 'skills set' that might be lacking. The appointee's term of office would be of a duration determined appropriate by the elected members of the Board.
- Merger of the current three regional areas into two new regional areas to be identified as North and South. (see attached Appendix 1 for defined boundaries of proposed Metropolitan, North & South regions). The Northern Territory will be part of the Northern region.
- The Board agreed there should be six metropolitan members and two regional members thereby ensuring the right balance between metropolitan and regional representation on the Board and taking into account the geographic distribution of the membership.
- Both metropolitan and regional candidates would nominate for Board elections in their respective areas. However, the membership will be able to vote for both metropolitan and regional Board candidates.

Benefits:

The proposed changes will ensure sound governance in a modern Board environment where all Board members, both metropolitan and regional based, are elected to their positions. A more focused nomination process will ensure that the right skills set and experience is available to assist Board deliberations.

ACS SA & NT plans to hold a Special General Meeting on the 23rd April 2010 for the membership to vote on the Board re-structuring proposal.

Yours sincerely



Alan Graham

Chief Executive Officer

Aged and Community Services SA&NT

On behalf of

The Board of Management of Aged and Community Services SA&NT