



Policy

The Role of the AIBS Board of Directors

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Overview

This document aims to provide an outline of the role of the Board and the roles and responsibilities of Directors on the AIBS Board. It should be read in conjunction with the AIBS Constitution and AIBS By-Laws in order to gain a greater understanding of the requirements of being a Director on the Board of AIBS.

Being a Director of the Board can be a very positive experience. It can give you the opportunity to make a real difference to your profession and to AIBS, but it also brings with it responsibilities. Members intending to seek election as a Board Director should be aware of these responsibilities.

In addition to the information contained in this document, the Australian Institute of Company Directors also provides excellent detailed advice on the role of Boards which can be found here.

About AIBS

AIBS is a Limited by Guarantee Company. Directors are appointed by members to act on their behalf in being responsible for the organisation's overall business performance and compliance in the best interests of the organisation and as such, the Directors have legal obligations under the Corporations Act.

AIBS is a single entity organisation, not a federated structure and is governed by the Corporations Act, AIBS Constitution and By-Laws.

About the Role of Director

Why does the Company such as AIBS have Directors?

There are multiple reasons why AIBS needs Board Directors including:

- To make up the Board which is charged with representing members
- To bring skills, independent perspective and judgement to improve decision-making of the Board
- To ensure the organisation meets member expectations by promoting performance while managing risk (including legal and regulatory compliance)
- To guide, motivate and monitor management

The role of the Director is important, challenging and rewarding. Directors are subject to an increasing range of legal duties and, in many cases, can be held criminally liable for failure to fulfil those duties. Courts and regulatory authorities have consistently warned that 'passive' Directors will not be tolerated.



Directors operate in complex and rapidly evolving environment. They are encouraged to uphold high standards of ethical behaviour and elevated levels of business performance.

As a Director, you must demonstrate a standard of care and diligence that a reasonable person would use if they were in your place. In practice, do your best to participate.

Directors are held accountable for the culture of an organisation. By establishing appropriate systems of corporate governance in the organisations they govern, they can signal to management what issues are important and what behaviours are acceptable.

Society demands that Directors ensure organisations act in an appropriate manner. Recent public examples demonstrate the severe repercussions for those who do not, or will not, meet the high standards expected of Directors.

There are a number of key references that potential Directors should familiarise themselves with prior seeking election.

1. Corporations Act

The Corporations Act 2001 is an act of the Commonwealth of Australia that sets out the laws dealing with business entities across Australia. As previously advised, AIBS being a Limited by Guarantee Company falls under the jurisdiction of this Act & the Australian Securities and Investments Commission (ASIC).

ASIC is an independent Australian government body that acts as Australia's corporate regulator. ASIC's role is to enforce and regulate company and financial services laws to protect Australian consumers, investors and creditors.

Further details can be found on the ASIC website. It is suggested that potential directors refer to Chapter 2D of the above Act relating to company officers and employees.

2. AIBS Constitution & By-Laws

The Board of Directors (the Board) is responsible for governing the affairs of the Australian Institute of Building Surveyors to deliver its the objectives, in accordance with provisions of the Constitution and the By-Laws.

The Board is governed by the Constitution. The By-Laws are made pursuant to the Constitution and provide guidance and directions for the orderly conduct of the affairs of the Institute, including its Board, Committees and Chapters.

While potential Directors should be familiar with all aspects of the AIBS Constitution, sections 14-19 inclusive, refer directly to the roles and responsibilities of Directors.



In the By-Laws, once again potential Directors should be familiar with all aspects of the AIBS By-Laws, but section 5 refers directly to the Board of Directors.

3. Independent Directors on the AIBS Board

The Constitution of AIBS allows for the appointment of Independent Directors on the AIBS Board. The AIBS Constitution outlines the requirements of the eligibility and appointment of Independent Directors.

Why have Independent Directors?

As a member-based organisation, each Director elected to the Board must be a full member, elected from each of the AIBS Chapters. This means that Directors of the Board are qualified as building surveyors. Currently, the Board has both Directors from both the private and government sectors and bring with them an extensive knowledge of the construction industry.

The most successful and effective Boards are those that have a diversity of skills and while it is expected that elected Board Directors will have an extensive knowledge of the construction industry, AIBS could benefit from having 'external' expertise on the Board that could contribute to the overall direction, management and success of AIBS in the future.

Some areas of expertise that an independent Director may bring to AIBS could include strategic planning, accounting and finance, legal issues, risk management, human resources and fundraising. This type of expertise could effectively support and complement the industry knowledge and experience of the elected Board Directors

4. Considerations for the AIBS Board

Throughout its operation the Board will have choices to make about the kind of organisation they govern, and those choices will have profound impact on the organisation's culture. The Board sets the standard and culture for the organisation in this case, AIBS.

Ethics is dependent upon a system of values accepted by all members of the organisation. The Board must adopt and, in its own behaviour and the behaviour of individual Directors, display actions that support those values and value creation. There should be no trade-off between values and value creation.

Ultimately, personal behaviour and the behaviour of Directors in the boardroom depends upon the core values of each individual. But ethics is also very important in maintaining a good corporate reputation, trust and confidence in the community.

While the Board may delegate some of their responsibilities to the CEO, there are some duties that the Board undertakes such as appointing the CEO, developing (and approving) a strategic plan and considering how organisational risk should be managed.



The AIBS Board primarily has the following responsibilities:

- *Accountability* – making sure AIBS meets its obligations, manages its finances and operates transparently
- *Strategy* – setting the AIBS long-term goals and making sure it pursues its objectives as outlined in the Constitution
- *Resourcing* – ensure that funding and other resources is sufficient to support the work of AIBS
- *Advocacy* – representing the profession to legislators, regulators, and the community and to its members
- *Monitoring* – making sure the organisation is run as required under its governing documents and the law

5. Summary

The organisational structure of AIBS has changed over recent years in order to implement a more modern governance structure based on best practice and to become a more dynamic and effective organisation.

Any member seeking election as a Director should nominate, fully accepting the responsibilities that being a Director brings, not only to AIBS, but to themselves.

While the role of Director can be very rewarding, a member seeking nomination as a Director to the AIBS Board, should be aware of the commitment required and responsibility that this brings and in accordance with the AIBS Constitution & By-Laws, the role of Director is a voluntary one.

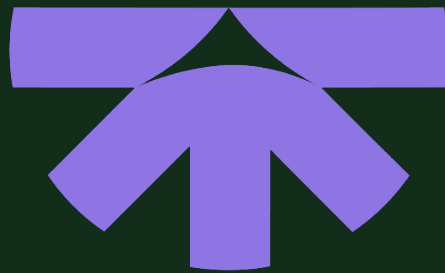
Finally, it is hoped this document has assisted to not only articulate the role and responsibilities of the Director for those considering nominating but has also provided an overview of the importance of good governance and the role of the Board in ensuring that AIBS continues to effectively represent its members and the profession of building surveying well into the future.



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