

# QLDdirector

Issue 9 : February 2011

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## “Arts volunteering adds colour to your life” says PwC director

Australian Institute of Company Directors member Karen Masnata, a director with PricewaterhouseCoopers in Brisbane, wants to spread the word about the value of volunteering for boards in the arts sector.

Karen is on the board of Expressions Dance Company, a multi-award winning contemporary dance company based in Fortitude Valley. She became involved through the Australia Business Arts Foundation (AbaF), which connects the arts with business.

With AbaF we formed a successful alliance in 2009 to promote AbaF’s service boardBank, which matches senior business people with the arts. The service offers directors a way to broaden their experience and contribute to the community.

Karen had recently completed a course with the institute and was keen to cut her teeth with a Not-for-Profit board. Expressions were looking for a board member with financial expertise and government experience. Karen had previously worked with Queensland Treasury with responsibility for the Arts portfolio, so she was able to help on both counts.

“Now heading into my second year on the board of Expressions I am able to appreciate how much arts bodies are able to benefit from

commercial, financial and governance insights,” Karen says. “My business background has meant that I contribute to debate across a range of issues relevant to the Company’s operations.”

“To me, the benefits have far exceeded my expectations. I am able to develop my skills as a director, with the support of a really well-balanced board. It allows me to develop networks that I wouldn’t usually connect with in the arts community. And I have the opportunity to work with talented and passionate people, who are driven by the desire to create incredible art. I find this truly inspiring.”

Karen encourages business people with board experience to connect with AbaF and the arts. “The contribution you can make through volunteering in the arts should not be underestimated and the value you bring is reflected by high levels of appreciation. Many business people would be surprised by the difference they can make. I would definitely recommend volunteering – It adds colour to your life.”

To find out more contact Kelly Goucher at Company Directors t: 07 3222 5500 or visit [companydirectors.com.au](http://companydirectors.com.au) or Sue Fisher at AbaF t: 07 3211 5130 or visit [abaf.org.au](http://abaf.org.au)

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## Message from the State Manager



**Richard Moore GAICD**

The January 2011 floods are likely to be remembered by many as one of – if not the – most challenging times in life and in business ever experienced.

Our thoughts are with everyone impacted by the floods and now facing a long recovery and rebuilding process.

Out of the adversity, we have been touched by the overwhelming support from around the country. The willingness of thousands to volunteer and help others in need shows just how remarkable human nature can be.

In tough times, great leadership is essential to help us get back on track. This extends beyond those

who hold official leadership roles in the community to the boards and management of organisations large and small.

The sooner the cleanup is complete and businesses access the support needed to recover, the sooner business operations can return to normal.

How should a board – and its chair in particular – provide leadership in moving their organisation forward when grappling with unprecedented circumstances?

First, it's important to acknowledge that we need to start somewhere so that the board can be energised to address what must be done (without suffering from inertia that can arise when facing complexity).

When organisations have many serious issues to attend to, and directors have numerous commitments across multiple boards, stress levels can rise to dangerous levels.

Directors are responsible for monitoring how management and their board colleagues are faring. This means thinking about the right questions to ask so that the right information is

coming through. Employees will need guidance and reassurance from the top.

Like most things in business, it's about people. The chair and CEO relationship is critical, as are regular meetings and a shared vision for the future. Quality time should be devoted to critical issues and identifying where help is needed.

Some of the issues to address in the short-term include:

- **Damage assessment:** can you restart operations from your usual premises? Do you have supplies and/or access to stock?
- **Insurance:** contact your insurer as soon as possible to discuss the situation.
- Accessing government assistance.
- **Finances:** Assess your position.
- Develop a plan to reopen your business.

As we work through these difficult times, we hope, and will work towards, ensuring that our state and organisations emerge from 2011 stronger than ever.

## Talbot Family Foundation and The Australian Institute of Company Directors International Company Directors Course Scholarship

The Australian Institute of Company Directors is very pleased to announce a full scholarship courtesy of the Talbot Family Foundation for one Company Directors member to participate in the International Company Directors Course to be held 12 - 17 May 2011 in Beijing China.

The International Company Directors Course is the only program which caters specifically to the needs of directors and executives on the governance issues that affect them in a global environment.

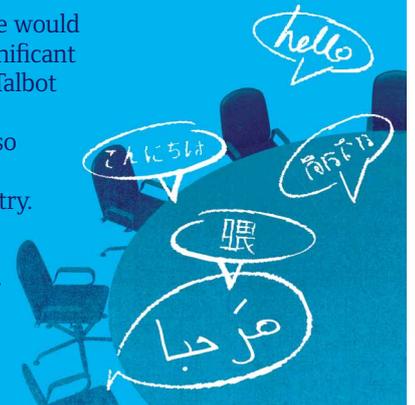
The scholarship covers course attendance and materials, a business class airfare, accommodation and meals taken with the group at the Renaissance Beijing Capital Hotel, Beijing China. It also includes a registration to the annual flagship event Company Directors Conference – Directorship: 11 on 18 - 21 May 2011 May in Beijing.

We would like to recognise and thank the Talbot Family Foundation for its significant generosity and vision in supporting ongoing governance training in Queensland.

Through this scholarship we would like to acknowledge the significant contribution made by Ken Talbot to not only the Queensland business community but also his pioneering endeavours in the Australian coal industry.

**Applications are due  
Friday 11 February 2011.**

Applications are open and the forms are available by contacting the QLD Division office on 07 3222 5500 or [companydirectors.com.au/talbotscholarship](http://companydirectors.com.au/talbotscholarship)



## The price of success

The commodities boom that has helped many of our exporters flourish has also driven a resurgence in the dollar, putting others under pressure. The Commonwealth Bank's Mark Toon considers the risks.

Over the last few months, Australia has been undergoing something of an export boom. Despite some jitters earlier in 2010, the continued strength of Chinese demand has lifted our terms of trade substantially. Export prices for iron ore and coal have surged over 2010, and other commodities haven't been far behind.

Measured in US dollar terms, the Commonwealth Bank Metal Price Index is at its highest level since its origins in 1997. Less dramatically, but perhaps more importantly, the broader-based Commonwealth Bank Commodity Price Index has recovered to pre-GFC highs.

According to Commonwealth Bank economists, Australia's terms of trade (calculated as the ratio of export prices to import prices) were almost 25% higher in the June quarter than a year earlier. Unsurprisingly, these higher prices are fuelling strong export growth. Our economics team now predict a trade surplus of around \$17.8bn in 2010-11, compared to the \$5.7bn trade deficit in the previous financial year.

Yet this success is not without its price. High commodity prices have also driven a resurgence in the value of the Australian dollar that threatens to trim company profits and put unwary exporters under pressure.

### Approaching parity?

Just a few months ago in July, I was writing in these pages about the implications of a 12.7% slump in the value of the Australian dollar during just three weeks.

How quickly things change. Now those losses have been more than made up, with our dollar nearing parity with the greenback. Even the Reserve Bank's decision to leave interest rates on hold in October has not been sufficient to dampen the enthusiasm of foreign exchange markets for our currency.

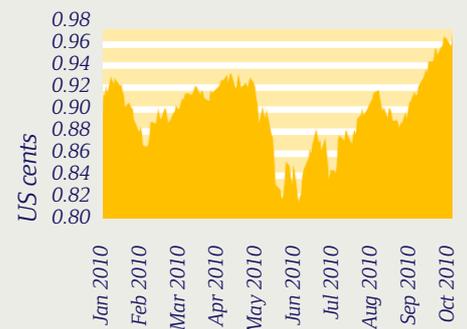
For exporters, this resurgence can have unfortunate consequences – especially those companies not fortunate enough to benefit from the commodity boom.

Take the hypothetical example of an Australian manufacturer who received an order for US\$250,000 worth of furniture in early September, at a time when the Australian dollar was trading at just 90 US cents. At prevailing exchange rates, they would have expected

the sale to be worth more than AUD\$277,000.

Yet 30 days later, when the furniture was delivered, the Australian dollar had risen to 97 US cents, cutting the Australian dollar value of the sale by more than AUD\$20,000. That's a 7% drop, more than enough to significantly dent margins and put profitability at risk.

### Our resurgent dollar



Source: Reserve Bank of Australia

### Commodity prices boom

#### CBA Commodity Price Index (1997=100, USD terms)



### Keeping volatility at bay

Looking beyond individual companies, the greater risk is the unpredictability that this kind of volatility brings. Fortunately, currency risk can be managed; but, as I pointed out in the July issue, it must be managed actively. The objective is to balance risk and return, mitigating the worst of the risk while allowing your company to capitalise on any opportunities for gains from exchange rate volatility.

A trade finance specialist can help you quantify the risk to your business, then draw on a portfolio of solutions to manage it over time. That means you can plan for the future with more confidence, secure in the knowledge that you have a robust risk management strategy in place.

Mark Toon is General Manager of Commonwealth Bank Corporate Banking in Queensland, a specialist division dedicated to the needs of business clients. Mark has more than 30 years experience in the financial services industry, including roles in commercial and retail banking.

CommonwealthBank



## Regional events

### Complimentary Queensland floods Business Leaders' Briefings

*Business recovery and continuity – your role as a business leader*

In times of crisis, effective leadership is a crucial component of company survival and success. In light of the recent devastation that has faced South-East Queensland, we invite you to attend a **free information session** to aid businesses and directors in rebuilding those organisations affected.

#### TOOWOOMBA

**Thursday 10 February 2011**

Downs Club  
5.00pm - 8.00pm

#### ROCKHAMPTON

**Thursday 17 February 2011**

Rockhampton Leagues Club  
5.00pm - 8.00pm

These sessions will cover a range of issues including:

- Crisis management systems review
- Your legal and financial duties and obligations
- Remaining on good terms with your bank and financiers
- The tax relief available through the ATO, state and local government authorities

**For further information on these briefings please contact Kate Condon t: 07 3222 5500**

### Cairns Business Leaders' Breakfast with Julie Hartley-Jones, CEO, Cairns and Hinterland Health Service District



**Tuesday 22 February 2011**

Shangri-La Hotel, Cairns  
7.00am for 7.20am - 9.00am

Join us as Ms Hartley-Jones discusses the impact the \$440+ million redevelopment of Cairns Base Hospital will have on the local economy and the challenges endured throughout the project.

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## The year ahead for not-for-profits

The not-for-profit (NFP) sector regularly has a number of unique challenges to overcome but 2011 could see even greater trials with a number of reform changes proposed for this year. These include a new NFP registrar, streamlined reporting requirements and new accounting standards, with the Federal Government announcing the establishment of the Office of the NFP sector that will drive the policy reform agenda. NFP organisations will need to be prepared for these changes and ensure that they have a full understanding of how their organisations will be affected.

The sector will once again have the onus of having to do more with less as it battles the economy and lack of donations. NFPs will need to develop strategies and work with government to develop a culture of giving in Australia.

It will also be imperative to ensure your board is adequately skilled and that appointments are made appropriately. It can often be

difficult for NFP boards to find talent and boards will therefore need to be creative in finding suitable candidates.

Good governance will be a major priority for 2011 and you'll need to consider not only the organisation's mission but also improving governance practices, where needed, when evaluating your board this year. All NFP directors will need to balance good governance principles as well as driving the organisation purpose. Governance relates not only to the board's ability to contribute to the organisation's success but can also provide an edge in an increasingly competitive environment.

*Contact the Australian Institute of Company Directors for further information specifically targeted for NFP directors or for more information on how we can assist with sourcing candidates for your board, visit [companydirectors.com.au](http://companydirectors.com.au).*

### 2011 Outback Forum

*Australian International Airshow – Avalon*

View an outstanding display of military and commercial aircraft, a spectacular flying display and hear presentations from an F18 Pilot and Marcus Blackmore AM, National Deputy Chair, Defence Reserves Support Council

**Thursday 3 March 2011**

Brisbane to Avalon – meeting at Brisbane Domestic Airport

**Time:** 5.30am - 7.00pm

**Cost:** Members \$440.00  
Non-members \$550.00



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To enquire or register for any of these events please contact Kate Condon t: 07 3222 5500 e: [kcondon@companydirectors.com.au](mailto:kcondon@companydirectors.com.au) or visit us at: [companydirectors.com.au/Events/QLD](http://companydirectors.com.au/Events/QLD)

## Q & A with Ken Moss AM, BE (Hons), PhD, Hon. FIEAust, CPEng, FAICD

### His thoughts on the role of the Chair



**Ken Moss AM**  
BE (Hons), PhD, Hon. FIEAust,  
CPEng, FAICD

*Ken Moss currently holds board positions as Chairman, Centennial Coal Company Limited, Board Member, Australian Brandenburg Orchestra, and Council Member, University of Newcastle.*

#### When did you first become chair of an organisation?

My first experience as the chairman of a significant organisation was at University when I was President of Newcastle University Union as a post graduate student in the early 1970s. I was the Chairman of Howard Smith's subsidiary boards from 1993 to 2000. I became the chairman of Boral Limited, an ASX listed company in 2000 and later that year I was elected chairman of Centennial Coal Company Limited.

#### What is the most important lesson you have learned as a chair/director?

Ensure that all directors have the opportunity to speak

on an issue, but know when to bring the debate to a resolution.

#### While the rights and responsibilities are legally no different, how does the role of the chair vary from the role of a director?

The chairman has more interaction with the CEO and the shareholders. The mentoring of the CEO is just as important as is mentoring other board members.

#### What piece of advice can you provide other chairs?

Make sure that all of the issues that the board ought to discuss are done so in the board meeting. Don't have a "kitchen cabinet", that is, don't

hold unofficial discussions with some directors prior to a board meeting. In relation to the CEO, it is important that in public you are supportive and in private you are candid.

#### How has the role of chair impacted on your professional and personal life?

It has been both interesting and challenging. As with the role of the CEO, you have to be available at all times. It is part of the job.

*The Chairman course provides an in-depth analysis of the chairman's accountabilities and relationships with other board members and the CEO, and will be held in Brisbane on 10 March 2011.*

## First Members' Evening for 2011

Guest speaker: *Kieren Perkins OAM*

Hear about Kieren Perkins' transition from sport to business

Wednesday 16 February 2011

The Brisbane Club

Time: 5.15pm - 7.00pm

Cost: Members \$40.00  
Non-members \$48.00



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## Leaders' Edge Lunch

Guest speaker: *David Stewart CEO, Leighton Holdings Ltd*

Topic: Towards 2015 - challenges and opportunities for Leighton and Australia



Tuesday 8 March 2011  
Hilton Brisbane Hotel

Time: 12.00pm for 12.30pm - 2.00pm

Cost: Members \$120.00  
Non-members \$145.00  
Table of 10 \$1,200.00



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## New members



**Kelly Alcorn**  
Teneriffe

**Noel Ambler**  
Loganholme

**Kenneth Angel**  
New Farm

**Michael Angliss**  
Brisbane

**Sue Batten**  
Sandgate

**Andrew Bourke**  
Tingalpa

**Eleanor Bray**  
Gold Coast

**Kathryn Britt**  
Graceville

**Simon Brown**  
Tingalpa

**Scott Bulger**  
Robina

**Justine Cain**  
Brisbane City

**David Christie**  
Broadbeach

**Raymond Conder**  
Rockhampton

**Peter Crawley**  
Southport

**Dean Davidson**  
Brisbane City

**Bauke De Villiers**  
Brisbane

**Peter Devenish-Meares**  
Upper Caboolture

**Dominic Doyle**  
Highfields

**Andrew Edwards**  
Brisbane

**Geoff Edwards**  
Wynnum

**Barrie Elvish**  
Newmarket

**Melissa Emery**  
Gold Coast

**Gail Evans-Hoffmann**  
South Brisbane

**Alex Farenden**  
Cannon Hill

**Roger Fitzpatrick**  
Brisbane

**Declan Franzmann**  
Arana Hills

**Michael Freer**  
Brisbane

**Brett Gleeson**  
Brisbane

**David Harrison**  
City East

**Deborah Hawes**  
Hervey Bay

**Paul Heaton**  
Gold Coast

**Trudy Heins**  
South Brisbane

**Paulene Henderson**  
Worongary

**Paul Hocking**  
Brisbane

**Daniel Holden**  
Brisbane City

**David Jenkinson**  
Brisbane

**Joanne Keen**  
City East

**Ashley King**  
City East

**Bruce Kirkland**  
Camp Hill

**Kasia Kondas**  
Teneriffe

**Deborah Kuchler**  
The Gap

**John Madill**  
Noosaville

**Stephanie Manger**  
Hawthorne

**Andrew Marxsen**  
Gracemere

**Adam Massey**  
Enoggera

**Jeffrey McDermid**  
Broadbeach

**Belinda McNeven**  
Hervey Bay

**Wayne Merrotsy**  
Gold Coast

**Andrew Moir**  
Labrador

**Lorraine Moss-Smith**  
Fortitude Valley

**Stephen Nano**  
Albion

**Jane Nant**  
Gold Coast

**Tony O'Connell**  
New Farm

**Michael O'Dwyer**  
Brisbane

**Frank Oliveri**  
Spring Hill

**Joshua Paffey**  
Brisbane

**Andrew Pearce**  
Taringa

**John Prins**  
South Brisbane

**Stephanie Rainsford**  
Hemmant

**Anthony Reilly**  
Brisbane

**Lesley Robinson**  
Brisbane

**Michael Rosengren**  
South Brisbane

**Jennifer Scarman**  
Carrara

**Mary Shortland**  
Brisbane

**Danny Simpson**  
Loganholme

**Michael Smith**  
The Gap

**Andrea Spain**  
Brisbane

**Peter Stark**  
City East

**Lorraine Stephenson**  
Bulimba

**Paul Tabrett**  
Brisbane

**Patrick Van Esch**  
Graceville

**Gregory Walsh**  
Booval

**Andrew Wielandt**  
Toowoomba

**Terry Woodcroft**  
Indooroopilly

**Benn Zemek**  
Brisbane

## Diary dates 2011

### 8 February: Mackay Directors on Location: Mastermyne Training Centre Site Tour

Guest speaker: Tony Caruso MAICD, Managing Director, Mastermyne Group Ltd  
Time: 4.00pm - 7.00pm  
Venue: Mastermyne Underground Training Centre, 20 Prospect St, Mackay  
Enquiries: Nikki Bower or Kate Condon t: 07 3222 5500

### 8 February: Governance for New Directors

Facilitator: Sarah Cobb GAICD  
Time: 8.30am - 4.30pm  
Venue: The Brisbane Club  
Enquiries: Christina Fenton or Rachael Lister t: 07 3222 5500

### 9 February: Finance for New Directors

Facilitator: Graham Carpenter FAICD  
Time: 8.30am - 4.30pm  
Venue: The Brisbane Club  
Enquiries: Christina Fenton or Rachael Lister t: 07 3222 5500

### 10 February: Strategy & Risk for New Directors

Facilitator: Ainslie Waldron FAICD  
Time: 8.30am - 4.30pm  
Venue: The Brisbane Club  
Enquiries: Christina Fenton or Rachael Lister t: 07 3222 5500

### 16 February: Brisbane Members' Evening

Guest speaker: Kieren Perkins OAM  
Time: 5.15pm - 7.00pm  
Venue: The Brisbane Club  
Enquiries: Sally Taylor or Kate Condon t: 07 3222 5500

### 21 February: Brisbane Directors Briefing Series: Resources Sector

Topic: Briefing 3: Access to capital  
Time: 5.30pm for 5.45pm - 8.00pm  
Venue: Minter Ellison Boardroom  
Enquiries: Sally Taylor or Kate Condon t: 07 3222 5500

### 22 February: Cairns Business Leaders Breakfast

Guest speaker: Julie Hartley-Jones, CEO, Cairns & Hinterland Health Service District  
Time: 7.00am for 7.20am - 9.00am  
Venue: Shangri-La Hotel, Cairns  
Enquiries: Nikki Bower or Kate Condon t: 07 3222 5500

### 24 February: The Board and the CEO Course

Guest speaker: Geoff Kiel FAICD  
Time: 8.30am - 12.30pm  
Venue: The Brisbane Club  
Enquiries: Christina Fenton or Rachael Lister t: 07 3222 5500

### 2-3 March: Company Directors Course Update

Facilitator: Gavin Nicholson FAICD  
Venue: The Brisbane Club  
Enquiries: Christina Fenton or Rachael Lister t: 07 3222 5500

### 3 March: 2011 Outback Forum

Time: 5.30am - 7.00pm  
Venue: Australian International Airshow - Avalon  
Flight: Brisbane to Avalon  
Enquiries: Sally Taylor or Kate Condon t: 07 3222 5500

### 8 March: Brisbane Leaders' Edge Luncheon

Guest speaker: David Stewart, CEO, Leighton Holdings Limited  
Time: 12.00 for 12.30pm - 2.00pm  
Venue: Hilton Brisbane Hotel  
Enquiries: Sally Taylor or Kate Condon t: 07 3222 5500