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Submission to Senate Finance and Public Administration Committee on Australian Government Boards (Gender Balanced Representation) Bill 2015.

Dear Committee Members

Thank you for the opportunity to comment on the Australian Government Boards (Gender Balanced Representation) Bill 2015.

This submission is made in my personal capacity. I have worked on increasing the numbers of women on boards in both the NSW and UK Governments. My 2003/04 research at Oxford focussed on the Norwegian example of legislating for at least 40% of both genders to be represented on boards and was published in the *International Journal of Diversity in Organisations*. I was a civil society delegate to the Commission on the Status of Women at the United Nations in New York in 2015. I am a member of the 30% Club Government Committee.

Although women make up half the world's population, they are not represented in nearly that number in government decision-making positions in Australia or overseas. The importance of proportional representation should not be underestimated. Women and ethnic minorities are the consumers of services administered by these boards and committees as well as voting members of professional organisations. Inequalities are perpetuated and intensified through poor representation.

For these reasons, I am in support of the introduction of the Australian Government Boards (Gender Balanced Representation) Bill 2015 as I believe it will change the 40:40:20 aim currently set from an aspirational target to a mandated target and thus properly utilise the pool of well-qualified women in the community by ensuring that, at least forty percent of new appointments to government boards and committees are women.

Australia is not alone in its attempts and commitment to ensure the proportional representation of both women and minority groups. In fact, strategies proposed by the Bill have been successfully applied by many countries including the UK, Norway, Canada and New Zealand.

One point often made in defence of the under-representation of women on boards and committees is that there are not enough qualified women to fill these positions. This is an

untrue assumption and this Bill will ensure different pools of talent are searched than in the past, to ensure they are representative of the population as a whole.

Research and texts on corporate governance are pointing to a crisis in organisational governance. Now is a key time to advocate for gender diversity in organisations as a way out of this crisis, leading to improved innovation, problem solving and decision making within organisations. Gender diversity makes sound business sense and research has demonstrated the business case for diversity. Increased representation on boards is not to be seen only as a women's issue but also as an urgent political issue, and risk management issue.

There is also a need for a better understanding of the factors make women stay on boards after they have been appointed.

Transparency in vacancies and appointments

The crucial assumption is that public sector appointments are always made on the basis of merit. Experience in the private sector and overseas has shown this doesn't always happen. One of the most important first steps to ensuring better representation is to understand the actual criteria used in the process of making appointments.

Reports in Australia and the UK been instrumental in opening up the decision-making process to the public, making it more difficult for appointments to be made in ways that disadvantage women and minority groups. The Women's Registries operate in Australian states and territories and in New Zealand and the UK consists of a list of qualified women interested in sitting on state boards and committees. It is not without some problems, however these are better seen as problems of implementation, not as problems with the idea of a Register in itself. It is difficult to know the extent to which it is consulted when appointments are made. A number of strategies have been introduced to encourage broader use of the Register. These have included modifications to make the Registers more useful in making appointments, and making applications to the Register and resumes generated from it more user-friendly. BoardLinks is also an important tool which should be maintained and its availability advertised more widely.

New South Wales

An Early Warning System has been used in NSW previously. This system alerts Ministers to upcoming vacancies and provides the names and resumes of suitable women from the Register. Directives from the NSW Premier have also been issued to all Ministers, instructing them to use the Register when making public sector appointments. However some Ministers have pointed out that they are not responsible for compiling the short list for all vacancies (often this is supplied by a statutory body outside the Minister's Office), and in some cases are not able to influence the choice of candidate. Research has borne this out to a certain extent, and the criteria for selection have been revised to a minimum, so as not to unnecessarily exclude otherwise suitable women. An attempt has been made to deal with this issue with a 'whole of government' approach. Individual agencies were asked to submit their own goals and objectives for improving the representation of women.

New Zealand

In New Zealand a Nominations Service (similar to the Women's Register) has been used where the Ministry provides Ministers and nominating agencies with the names of qualified women. Seminars and mentoring projects give women the skills needed to serve on boards.

United Kingdom

In the UK the Blair Government introduced measures that successfully increased the proportion of women on public boards and committees, and revised selection criteria to include recognition for of 'non-traditional career patterns'. The approach of the UK government increased the representation of women and ethnic minorities. It implemented a whole-of-government approach to the problem and encouraged all parts of government to see the responsibility of equal representation as their own. (This is in line with the report of the United States Glass Ceiling Commission that identified 'ownership' of the principle of equal opportunity as one of the key factors in increasing the status of women.) Research in to why women do not come forward for these appointments was undertaken by the Women's Unit.

- The Home Office established its own database of potential applicants as well as liaising with the Women's National Commission and the 300 Group.
- Women and ethnic minorities included on short lists along with reasons for the non-selection of candidates at every stage of the process.
- The Scottish Office used executive search facilities to identify candidates to chair their bodies.
- The Department of Trade and Industry compiled a list of 'near-miss' women for future appointments.

Other strategies used included allowing women already appointed to government boards and committees to extend their appointments, and to ask these women for the names of other suitable candidates.

Why does gender diversity on boards matter?

'If board rooms are where the power and influence reside then women are clearly excluded. Such barriers are only just being recognised however and largely remain to be tackled'.¹

In 1995 participants at the United Nations Fourth World Conference on Women in Beijing agreed upon a Platform for Action which declared that 'women's equal participation in decision making is not only a demand for simple justice or democracy but can also be seen as a necessary condition for women's interests to be taken into account. Without the active participation of women and incorporation of women's perspectives at all levels of decision making the goals of equality, development and peace cannot be achieved.

The Platform for Action defined two strategic objectives on the issue of women's participation in power and decision making:

¹ Hansard Society for Parliamentary Government Report (London 1990) cited in E. Coffey, C. Huffington and P. Thomson; *The Changing Culture of Leadership, Women Leaders Voices*, London, The Change Partnership Limited, 1999.

1. ensure that women have equal access to and full participation in structures of power and decision making; and
2. Increase women's capacity to participate on decision making and leadership.

Australia has committed to meeting the Platform for Action and reports against its achievements against it and the Convention on the Elimination of All Forms Discrimination Against Women (CEDAW) annually at the Commission on the Status of Women at the United Nations in New York which I attended this year. Ensuring that decision makers in our society properly reflect the diverse composition and concerns of Australian society is not simply a matter of social justice or equality. It also makes good political and business sense. It gives women a voice, guarantees a diversity of experience and knowledge and contributes to an awareness of how change can affect and involve people from a variety of backgrounds.

Boards play a key role in the success of organisations, and in the success of the economy as a whole. In the private sector, they ensure the prosperity of the company, while at the same time meeting the needs of shareholders and other stakeholders. That is not always easy. That is why it is so important to make sure that board members have the necessary skills and talents to do the job. That means widening the pool from which companies recruit to ensure that all potential candidates are identified.

It is obvious that far too many directors are still recruited by word of mouth, with the result that very small percentages of chairs are women and the percentages of non-executive posts held by women are not increasing as quickly as we might hope, despite use of multiple other strategies. This pace of improvement needs to change, not least because it makes good business sense to have the best executives at all levels of management.

Having more women and people from diverse backgrounds means that government boards and committees represent - and better understand - who they want to attract and serve, leading to improved competitiveness and productivity. They also bring different skills and opinions to the board.

We still have a long way to go before boards reflect the diversity of the society in which they operate, but that is no reason not to push for change: *'Any society whether through deliberate intent or inertia fails to offer all its citizens the opportunity to participate fully at every level of the national life in the public and private sectors is unjust'*.²

This Bill will mean that diversity is welcomed and embraced by Government boards not just tolerated by them. As the Norwegian experience has shown, having an enforcement mechanism such as the threat of legislation can make significant inroads into entrenched structures.

Canadian research has shown that boards of directors work differently when diverse perspectives are brought to the boardroom table. In particular, the research found a distinct difference in governance patterns.

The Female FTSE Index by the Cranfield School of Management in the UK developed a set of good corporate governance indicators and found that FTSE 100 companies scoring highest on the indicators were more likely to have at least one woman director on the board.

² E. Coffey, C. Huffington, P. Thomson; *The Changing Culture of Leadership: Women Leaders Voices*, London, The Change Partnership 1999 p84.

The Council of European position is that balanced participation of men and women in decision among redefines priorities and places new issues on the agenda.

Women make up half the population and governments ought to ensure women have the opportunity to have their say and contribute to the decisions that affect their lives and all of society.

Retention

A potential area for improvement is in the retention of women already serving on public sector boards and committees. A study of the research in to the reasons why women choose not to stay will be useful in maintaining the government's commitment to equal representation.

I hope this submission assists in your consideration of this Bill. Please do not hesitate to contact me should you have any queries about the submission.

Yours sincerely

Jane Alver