



# Australian Institute of Performance Sciences

SUSTAINED VALUE-CREATION OUT-PERFORMANCE

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Hon Kenneth Hayne AC QC  
Commissioner  
The Royal Commission into Misconduct in the Banking,  
Superannuation and Financial Services Industry  
By email: [fsrcenquiries@royalcommission.gov.au](mailto:fsrcenquiries@royalcommission.gov.au)

1 August 2018

## Expert Submission on Governance and its Systemic Impact on Ethical Conduct and Sustained Performance

To the Commission:

Thank you for the opportunity to submit expert commentary to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

We do not seek to pass comment on specific misconduct. Rather, we seek to contribute understanding as to systemic deficiencies that have enabled persistent misconduct and poor outcomes in an industry that is predominantly competent and ethical. We also seek to provide insight into a systemic response that is currently available.

Our submission observes that:

- The issues raised by the Royal Commission are broad and systemic. Wide-spread deficiencies in existing corporate governance practices have allowed unacceptable practices to flourish and persist.
- The governance deficiencies and misconduct issues observed by the Commission can be commonly observed in organisations across the economy.
- Current forms of governance practice in wide-spread use are insufficient to enable management and boards to engage these, and other emerging issues including social licence, culture, conduct risk, digital disruption, cyber-security, sustainability and climate change.
- Systemic adoption of fit-for-purpose enhanced governance practice is required to prevent recurrence.
- A comprehensive systemic approach would see boards, investors and regulators as 'lines of defence' in identifying, and resolving such deficiencies. This is not occurring.
- **A fit-for-purpose enhanced 'Governance of Value Creation' practice, and related assessment methodology for leadership and investor use has been developed through 2018 Australian research.**

- This development is being recognised as a significant potential breakthrough, and engaged by leaders across Australian and Global companies, investors, and regulators, also by the agencies working on upgrading the sustainability of global financial systems.
- Development of comprehensive, mature, enhanced governance frameworks will require cross-economy collaboration on a scale commensurate with that observed in the ongoing development of accounting standards.
- Research indicates there are significant economic and social benefits to be achieved through development and adoption of enhanced governance practice.
- The Australian Institute of Performance Sciences (AIPS) has been formed as a vehicle for collaboration on the ongoing development and dissemination of enhanced governance practice across the Australian economy based on Governance of Value Creation and related practices.
- There is local and global interest developing in participation in the Institute's activities.
- There is precedent for global leadership by Australia on enhanced practice in these areas.

***This submission invites the Royal Commission to use its mandate to recommend government, corporate and investor participation in a cross-economic collaborative response to develop and adopt enhanced practice.***

The work of the Institute provides new perspectives and new pathways for action on a range of significant issues, including those addressed by the Royal Commission.

Enhanced governance practice enables Australia's competent well-intentioned leadership, and significant efforts of institutional investors, to deliver more effective and meaningful outcomes. The Institute has the potential to not only address the systemic issues that underlie misconduct in the financial sector, but also to enhance Australia's future social and economic outcomes.

We hope that the Commission's work will shine a light on the systemic nature of the causes, cross-economy coverage and deleterious impact of suboptimal governance practices. We hope there will be better visibility of the potential benefits of available and developing practices, and the threats of inaction. We hope that the Commission can clarify the fiduciary responsibilities that leaders across the economy have for addressing these issues as a matter of significant priority.

Additionally, we hope the Commission will highlight pathways towards timely systemic adoption, and put in place appropriate timelines and accountability for corporate, investment and government participation in concerted collaborative action.

Through the action recommended in this submission, the Royal Commission can make a sustained contribution to maintaining the high standards of community and the high standards of living that the Australian populace expects to enjoy into the future.

Yours,

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## APPENDIX 1: RECOMMENDATIONS

This submission exhorts the Royal Commission to make use of its unique mandate and authority to crystallise the necessary systemic action by highlighting:

- the imperative for change
- the need for a solution based on fit-for-purpose enhanced governance practices
- the need for systemic adoption of enhanced governance
- that an imposed legislative / regulatory solution, on its own, is impractical and insufficient
- that a systemic solution requires collaborative participation across Australia's economic, social and political leadership
- that there are generational benefits of Australia's leadership in enhanced governance
- a pathway and timeline for action, and accountability for performance.

Collaboration in development and dissemination of Governance of Value Creation requires a breadth and depth of participation as is involved in ongoing Financial Governance development, involving a broad range of professional disciplines. Australia's economic leaders will need to demonstrate that they value the outcome, and commit to remain appropriately involved providing 'outcome endorsement' as practice is developed.

We suggest that the Royal Commission hands down recommendations that:

- REC 1.** The top500 participants in the economy, including major corporates, large-scale investors, Federal and State governments, as well as implicated regulators, agencies and other organisations, participate in the foundation and operation of the Australian Institute of Performance Sciences collaboration in line with their scale as major participants within the Australian economy.
- REC 2.** Federal and State Governments use their exemplar action, influencing capacity, and if necessary compelling powers, to encourage sufficiently broad cross-economy participation in the Australian Institute of Performance Sciences in collaborative action to enhance fit-for-purpose systemic governance to increase Australia's effective performance.

And, that on the basis of subscriptions received, the Australian Institute of Performance Sciences will facilitate delivery of:

- REC 3.** Development of a report "Opportunities for Sustained High Performance (financial and non-financial) Value Creation across Corporate, Investment, Government and Community Sectors: enhancing Australia's effectiveness, innovation, stewardship and leadership for future social and economic success".
- REC 4.** Training of senior leadership (boards, executives, ministers and departmental leadership) on enhanced Governance of Value Creation practices, and the future-oriented non-financial outcome questions they should be asking... and what is required to form reliable responses to those questions.
- REC 5.** Cross-discipline practice and standards development across the implicated professional disciplines. Wherever possible this will activate existing professional bodies towards integrated practice development.
- REC 6.** Creation of an independent apolitical standing-forum for collaborative early stage development of a) options for agile regulatory responses and b) innovation in Public and Community sectors.

And, such other strategic focuses as may be required to assure the ongoing viable operation of the Institute in service of its objectives and provision of value to its participants.

## APPENDIX 2: CONTEXT FOR RECOMMENDATIONS

### Awareness of Issues.

We acknowledge significant cross-system focus and engagement with the broader ‘failings of systemic corporate governance for current and future needs’ view of the issues before the commission. Specifically, amongst a large body of material, we recognise:

- Treasury’s submission to the Royal Commission on key policy issues, 13 July 2018.
- APRA’s prudential inquiry into the Commonwealth Bank of Australia, April 2018.
- ASX Corporate Governance Council’s Principles and Recommendations (edition 4)
- Work of the EU Directorate-General for Financial Stability, Financial Services and Capital Markets, notably the findings of the High-level expert group on Sustainable Finance, and the subsequent action plan.
- Principle-based guidelines to companies and investors from UN-PRI, ICGN, CIMA/AICPA, FCLT, CECP, The Purpose of the Company, Inclusive Capital, and extensive global work on Integrated Reporting.

These articulate various perspectives, and illustrate broad awareness of the problem. The Australian Institute of Performance Sciences’ research has also highlighted a strong awareness of these issues within boards and senior executives of Australian listed companies, and the Australian institutional investor community, but little success in addressing them.

These are difficult problems. Notwithstanding a rump of ‘arrogance’ as highlighted in the APRA report, our research identified most large organisations trying, in good faith, to deal with these issues. Our research notes the words of one ASX10 Chair respondent discussing billion-dollar remediation investments, “Yes, we have done a few of those... We did ok... But, they haven’t made a difference.”

Our research demonstrates significant awareness and effort across all parts of the relevant economic infrastructure, but little application of enhanced governance practices that could be said to be fit-for-purpose to engage effectively with these complex issues.

### Going Beyond.

The concepts raised in this submission are emergent in nature. They are gaining recognition with leaders across relevant parts of Australian and Global economic infrastructure as presenting differentiated and advantaged options for individual and systemic response.

The following sections outline these emergent concepts (appendix 3), the vehicles developing to deliver on their potential (appendix 4), and the precedent for Australian leadership action in this area (appendix 5).

## APPENDIX 3: A CREDIBLE BREAKTHROUGH SOLUTION

**New knowledge and new perspectives arise from breakthrough Australian research that provides new pathways for action to address the matters to which the Commission applies itself.**

The Governance of Value Creation approach demonstrates how collaborative action within large-scale organisations, and across public systems can be more effective within the complexity of current and emerging operating conditions.

Governance of Value Creation is an integrated multi-disciplinary model for sustained value creation in large-scale organisations. It integrates and matures existing quality disciplines to create assurable information-foresight enabling the consistent application of better decision-making organisation-wide, in the context of complexity, uncertainty, volatility and multi-bottom-line, multi-time-horizon outcomes.

In this approach, the word ‘governance’ is applied as within the term ‘financial governance’. It is not merely an activity occurring at the board, it is an effective integration of continuous sense-making, decision-making and measurement occurring consistently within organisations, and across the broadest view of financial markets and systems.

Our research shows impact and broad system-wide engagement. We demonstrate:

Governance of Value Creation leading to sustained multi-bottom-line value-creation out-performance in large scale organisations. ***The leading Australian exponent of these practices is delivering returns 350% ahead of the market, in a decade of sustained outperformance.***

Governance of Value Creation is sufficient to direct multi-outcome out-performance in a world of emerging complexity. ***Fit-for-purpose enhanced governance where, as the ASX Corporate Governance Guidelines Edition 4 suggest, “Boards are increasingly being called upon to address new or emerging issues including around social licence, culture, conduct risk, digital disruption, cyber-security, sustainability and climate change”.***

Governance of Value Creation as the basis of a globally scalable investible disclosure framework demonstrating the level of certainty associated with an organisation’s future prospects. ***This breakthrough in quantitative ‘costing of future-risk’ and prioritisation of capital to effective integrated behaviours is attracting engagement from global investors, and the agencies leading upgrades to the sustainability of the global financial systems.***

In maturity Governance of Value Creation is a future-oriented analogue to financial governance. As with financial governance, its design can extend to universal application, audit / assurance, standardisation, and well-understood, viable and effective roles for Regulators.

Adoption of this approach can provide significant generational opportunity in Australia for economic and social performance, more effective government and community outcomes, and in countering the effects of short-termism, loss of institutional trust, and global digital transformation.

## APPENDIX 4: THE AUSTRALIAN INSTITUTE OF PERFORMANCE SCIENCES

**The Australian Institute of Performance Sciences (AIPS)** facilitates the development and application of the breakthrough ‘Governance of Value Creation’ approach for achieving sustained high-performance value-creation in large-scale organisations.

The approach is based on academic and commercial research that has engaged directors at the top 10 listed companies (seven at Chair), CEOs and directors of large-scale investors and their equivalents amongst government legislators, departments, agencies and regulators amongst a cross-section of Australia’s most senior leadership.

The AIPS is an independent NFP vehicle developing collaborative engagement across the top500 participants in the Australian economy. It can be thought of somewhere between the collaborative development of Accounting Standards and the Australian Institute of Sport; it facilitates the ongoing collaborative development of leading-edge practices... and delivers coaching for high-performance use by elite practitioners.

The AIPS develops and disseminates new knowledge to deliver major increases in effective innovation performance in the top500, equivalent to 65% of GDP, made up of large corporates, government jurisdictions, large-scale investors and across public networks.

The Institute is a for-industry-by-industry organisation, to be funded by industry subscription commensurate with scale, across the top500 participants in the Australian economy. It operates with an independent advisory board, and expert advisory committee.

Research indicates an AIPS expectation of stimulating \$100bn in additional annual corporate investment focused on innovation, productivity and export growth through enhanced investor capacity for costing future risk. **This differentiated approach requires no corporate welfare, no blank-cheque programs, no new policy, and no legislative change.** New knowledge and collaborative action will influence economy-wide highly-effective value creation.

As such, the Australian Institute of Performance Sciences presents as an enhanced approach to economic development, enterprise productivity, public sector reform and the competitive transformation of the Australian economy.

### Pathway to Full Operation

The Institute has run a series of specialist roundtable events ‘Enhancing Investor Performance’ and ‘Enhancing Corporate Performance’ held at Parliament of Victoria, ‘Enhancing Public Performance’ held at Parliament of NSW’, and ‘Enhancing Economic Performance’ held at Parliament House Canberra.

A number of organisations are currently undertaking due diligence consideration of their Foundation Participation in the Institute. This includes superannuation firms, ASX100s and one of Australia’s largest unlisted organisations. Introductory discussions have been held at senior levels with Federal and State Governments.

The **Australian Institute of Performance Sciences** plans an operational launch with a core group of Foundation Participants later in the year, growing gradually across the top500.

Outreach towards the formation of **The Global Institute of Performance Sciences** through the ‘Letter to Fiduciaries’ initiative (see appendix 10) invites participation in collaborative development of a Globally scalable disclosure framework. Signatories include the Chair of the IIRC, the CEO of CIMA/AICPA and other global financial leaders. Additionally, the UN PRI has lodged it on its collaboration platform to engage its members’ support.

## APPENDIX 5: PRECEDENT FOR AUSTRALIAN LEADERSHIP ACTION

### A brief history of the JORC Code

The JORC Code, produced by the Australasian Joint Ore Reserves Committee, established by the Australian mining industry, is a code of practice that sets minimum standards for Investor reporting of minerals exploration results, mineral resources and ore reserves.

Since publication 1989 it has become a requirement of the ASX (and NZ) Listing Rules, and together with related forward looking statements is subject to legal and ASIC compliance.

Work on JORC commenced after the Poseidon nickel boom/bust in the late 1960s, providing a standardised evidence base for reporting claims of resource potential. It was developed with the intention of a) increasing the sustainability of financial markets' resource investments, and increasing the invest-ability of small-cap miners on the basis of the quality of their assets.

JORC is a scalable investible disclosure framework provides an accounting for a complex engineering assessment of uncertainty.

The JORC code defines mandatory disclosure rules for reporting the level of certainty associated with an organisation's mining or resource assets. It is an accounting for the extent and quality of geophysical testing (how well do we understand what is below the ground), and of the geochemistry (how well do we understand what is involved in extracting the target mineral from the rock).

Since its development, the JORC code has been replicated and implemented across a range of global jurisdictions. There are now moves to harmonise these into a single global standard.

### The Value-Creation Maturity Assessment

The Value-Creation Maturity Assessment (VCMA) is the assessment model associated with the Governance of Value Creation practices. It has been applied to rate Australian listed companies within research that has demonstrated Governance of Value Creation's performance impacts.

VCMA is proposed as the basis for an assurable, investible disclosure of the certainty of an organisation's future-prospects. It is a cross-sector, knowledge economy, societal-value, intangible-value-creation equivalent to the JORC / SAMREC / SME standardised reporting on the levels of certainty associated with extracting value from Mining and Resource assets.

VCMA is fit-for-purpose designed to provide an investible costing of future-risk suitable for long-term capital and complex market conditions:

- Standardised disclosure of prospects across multiple time-horizons, including the extent of consideration and level of preparedness for standardised contingencies.
- Standardised disclosure of the levels of certainty associated with future prospects to increase investor visibility of the level of increasing certainty of regenerative and growth activity.
- Protection of the confidentiality of an organisation's proprietary strategies.
- Appropriate roles for directors in preparation and assurance.
- Increased impact for fiduciaries from a global-scale systemic approach that moves beyond proxy voting and informal behind-closed-doors 'engagement' discussions.



- Increased opportunity for fiduciaries and economic development in application beyond traditional listed vehicles (including government and social programs).

These approaches integrate, and thereby activate (not duplicate) the vast multi-disciplinary body of professional practice. They can be understood as implementation extensions to Integrated Thinking (IIRC) encompassing UN PRI, ICGN, ACSI, CIMA and other Principles, as well as UN SDG goals and a broad variety of additional measures.

Governance of Value Creation, and the Value-Creation Maturity Assessment are the culmination of, not a diversion from, historical investments in good practice.

**Large-scale Australian investors are currently considering the use of VCMA to rate long-term capacity of companies within their Australian equities portfolios to improve long term performance, and as a contribution to the sustainability of investment markets.**

**We recommend that all relevant participants across Australian investment markets play an engaged role within the further development of VCMA practices to accelerate its time-to-market impact as compared to the timelines associated with the development of the JORC Code.**

## APPENDIX 6: BROAD AND SYSTEMIC ISSUES (explanatory commentary)

We suggest that the misconduct identified by the Royal Commission is just one part of a much larger set of systemic issues facing large organisations in the context of changing operating conditions and changing public expectations. It should also be noted that these issues are faced by all organisations, across all sectors of commercial, government and community organisations globally.

Ethical behaviour, social license to operate, regulatory compliance and related matters are increasingly recognised amongst a swathe of issues necessary to assure the long-term sustainability of organisations, and of the broader systems they operate within.

These sustainability challenges are variously understood and engaged across global economic and political systems through efforts to enhance systemic governance practices. As examples:

- Global and Australian investors are engaged through Environmental, Social and Governance (ESG) measures in collective action to direct the influencing power of global capital, working through organisations such as United Nations Principles for Responsible Investment (UN PRI) and others.
- Directors are being guided by ASX Corporate Governance Guidelines, Edition 4, “... to address new or emerging issues including around social licence, culture, conduct risk, digital disruption, cyber-security, sustainability and climate change”.
- Local and Global CEO forums (e.g.: CECP) guide their members that “a company’s social strategy — how it engages with key stakeholders including employees, communities, investors, and customers — determines company success”.
- EU Directive 2014/95/EU lays down rules on disclosure of non-financial information by large companies including the requirement to include non-financial statements in their annual reports from 2018 onwards.

And yet we continue to observe unacceptable behaviours, as identified by the Commission.

**Research from the Australian Institute of Performance Sciences observes that executives and boards have insufficient systemic governance practices to comprehensively engage with and assure the complexity of ethical behaviours, and broader sustainability issues.**

Our research notes these governance deficiencies impact significantly beyond the ‘usually reported’ compliance aspects of detection and whistle-blowing. In setting the rule-base for the organisation, explicit enhanced governance, or its omission, sets culture. It creates an environment where proactively reporting issues is valued and rewarded.

**But, most importantly, truly enhanced governance creates an environment where reporting is worthwhile – because action to address issues is feasible, reliable and effective.**

It is not that staff, leaders, executives, boards or investors are unaware of, or indifferent to, the issues that surround them. Rather, they lack models of operation that allow them to respond with sufficient effectiveness within complexity. They are unable to create optimal responses to deliver

optimal outcomes. **They lack the information foresight and practices to assure the Future**  
**Fiduciary question “Are we optimally invested in our own future?”**

Our research observes organisations made up (predominantly) of highly competent individuals, well trained in their professional disciplines, with strong personal motivation and intention to do the right thing – failing, or at best, failing to succeed.

Our research observes that large-scale organisations, with significant resource, great staff, strong brand and reach, and a huge number of ideas, are not only deeply frustrated, but also frustrating to staff.

Research shows staff, at all levels from shopfloor to board, consider that they are only able to contribute a fraction of their personal capacity. Furthermore, they believe that their organisations operate significantly below their potential.

Our research shows that the embedded decision-making infrastructure in our organisations makes it hard for the individual, or the organisation, to do the right thing. It is harder to change systems, to innovate, to correct, to improve – than it is to remain quiet and move on.

There are many causes, including; short-termism, stripped out layers of organisational capacity, increased complexity, and an incapacity to de-risk change.

It has been observed that the biggest risk-barrier to change is “career risk”; it’s just not worth trying. To compound this further, individual action is not a viable option, where internal and external complexities abound.

## APPENDIX 7: CANARY IN THE COAL MINE (explanatory commentary)

- The Royal Commission has uncovered behaviours that are unacceptable to public standards.
- The Royal Commission has uncovered systemic governance failures that have allowed unethical behaviours to persist.
- AIPS research observes that these systemic governance deficiencies occur despite the organisations being led by ethical, competent, well intentioned and hard-working professionals.
- AIPS research observes that executives and Boards have insufficient systemic governance practices to comprehensively engage with, and assure, the complexity of ethical behaviours.
- AIPS research suggests that available practices for governance within complexity are inadequate for engaging issues, and optimising and assuring outcomes – related not only to ethical commercial behaviours, but to a range of factors present and accelerating in the global economic environment, including:
  - Cybersecurity
  - Global Economic Disruption
  - Transformation to a digital and knowledge economy
  - Environmental Sustainability
  - A range of societal (e.g. UN Sustainable Development Goals) and other issues
  - Additional emerging factors, now and into the future.
- AIPS research indicates that systemic governance deficiencies are to be found in almost all large Australian organisations across corporate, investment, public and community sectors.
- There are suggestions that the transgressions highlighted by the Royal Commission, and the failings in the governance practices that allowed them to continue, are not new, but have been historically tolerated within the Australian corporate environment, and within public expectation. **Yet, as noted in the Royal Commission’s Terms of Reference, Australia enjoys a global reputation for advanced governance and integrity.**
- Indeed, despite the Royal Commission’s troubling findings, the standards of Australia’s governance and integrity practices are generally ahead of the practices found in most global economies.
- AIPS suggests that there is major societal and systemic change underway - observable in the lifting of the standards that the Australian public is willing to accept.
- AIPS observe that this change in public standards provides a critical impetus for corporate, government, investment and community organisations to improve their performance.
- AIPS suggest that, in the context of accelerating complexity, a competent, concerted and timely response from Australian economic leaders is vital to the future of Australia’s social and economic wellbeing.

AIPS concludes that:

- The findings of the Royal Commission are a canary-in-the-coalmine for the need to update governance practices to keep pace with both public expectations and the complexity of running large-scale organisations in the future-context.
- Australia taking a global leadership role on these issues has generational benefit for the Australian public, and Australia’s globally competitive commercial future.

## APPENDIX 8: NEW PERSPECTIVE. NEW PATHWAYS FOR ACTION. (explanatory commentary)

Breakthrough Australian research provides new perspectives and new pathways for action in relation to fundamental aspects of the organisation of human labour to achieve collaborative outcomes across large-scale organisations and public networks.

*“Everything we see about us is the result of the organisation of human labour. This human organisation is failing to keep pace with the needs of Volatile, Uncertain, Complex and Ambiguous environments. A higher order of human organisation is needed to achieve higher order outcomes.”* DANNY DAVIS, 2018

*“We need to ensure that we are not battling to meet 21st Century challenges with, at best, 20th Century decision-making and reporting systems.”* ACCOUNTING FOR SUSTAINABILITY, and the INTERNATIONAL INTEGRATED REPORTING COUNCIL, 2004

*“Having better people is not the key; ordinary people will do. Making a board effective requires spelling out its work, setting specific objectives for its contribution.”* PETER DRUCKER, RECKONING WITH THE PENSION FUND REVOLUTION, 1991.

*“Effectiveness does not suffice in the knowledge worker age... The challenges and complexity we face are of a different order of magnitude.”* STEVEN COVEY, AUTHOR ‘7 HABITS OF HIGHLY EFFECTIVE PEOPLE’

*“The person who figures out how to harness the collective genius of the people in his or her organization is going to blow the competition away.”* BUILDING LEARNING ORGANIZATIONS, PETER SENGE, 1994

Our work investigates and explains why organisations made up of highly competent, well intentioned, highly motivated professionals can deliver suboptimal... or just downright lousy outcomes.

Everyone working at every level of the modern organisation is deeply frustrated.

Various research has demonstrated that people reporting that they are contributing only a small fraction of their latent potential. This work has been repeated at different levels of the organisation including at the board.

Australian corporate practices have systemic strengths and systemic weaknesses.

*“Australia has the relevant skills but lacks the capacity to manage and use these skills and other inputs for innovation...Australia needs to improve the way it turns knowledge inputs into outputs to become a more efficient and successful innovator.”* SKILLS AND CAPABILITIES FOR AUSTRALIAN ENTERPRISE INNOVATION, AUSTRALIAN COUNCIL OF LEARNED ACADEMIES, SAF10, 2017

Australia is ranked #76 globally for effective innovation performance, just behind Mali, Greece and the Cameroon. (reported from) GLOBAL INNOVATION INDEX, INSEAD, 2018

AIPS has chosen to engage the topic, and our audience, through an accessible and positively constructive lens of Governance of Value Creation leading to achievement of sustained multi-outcome out-performance.

Mature practice engages value and performance in multi-bottom-line, multi-time-horizon terms. This encompasses a variety of intangible, community, social outcome, ethical and compliance outcomes in addition to traditional financial measures. It encompasses deliberate optimisation across different timeframes. Mature practice sees these considerations embedded in highly effective decision-making throughout the organisation.

As with Financial Governance, mature Governance of Value Creation practices can be universally applied across business, government, community and investors.

Preliminary Australian research demonstrates these enhanced decision-making practices leading to achievement of more effective outcomes in Australian cultured organisations.

We observe that Australia's leading ASX10-scale exponent of these practices has outstripped the index by 350% in a decade of consistent out-performance.

Large organisations are complex. They continue to become more complex due to the business environment and the context of a new world of disruption, cybersecurity, ethics, social license and other sustainability concerns.

The change in operating context for government and the economy has been described using the US Military notion of Volatility, Uncertainty, Complexity and Ambiguity (VUCA). Disruptive change in everything is the new baseline reality.

Even as this has been occurring, organisations, in the name of productivity, have been stripped of thinking resources. Despite a decade of unprecedented global opportunity and threat, few organisations are readily able to invest time (secure the resource) to engage, investigate and develop either opportunity or threat.

There is no shortage of cash in the market looking to invest in healthy returns.

Our organisations fail to attract additional investment because they are not sufficiently effective at investing in enhanced future performance.

*"Business investment, which is critical to economic growth, has been underperforming in recent years... Investing in new productive capacity creates employment, raises future incomes and both creates and embodies new innovation."* INTERGOVERNMENTAL REVIEW OF BUSINESS INVESTMENT, HEADS OF TREASURIES, 2017

*"The investment slump is particularly concerning... It implies that capital-intensity in the bulk of the Australian economy will not grow at the historical average, putting future downward pressure on labour productivity. Investment, after all, is what creates the new tools for labour to lift production beyond the previous norm."* 5 YEAR PRODUCTIVITY REVIEW, THE PRODUCTIVITY COMMISSION, 2017

We have identified that directors, executive, managers and leaders throughout the majority of organisations are not equipped with practices and information required to engage and make high quality decisions in this context.

Governance can be described as the rule-sets for organisations. In the absence of rules, executives are expected to use judgement and personal leadership. This can also be described saying, in the absence of rules, organisations revert to animalistic behaviours.

The biggest barrier to new ideas in most organisations is the personal risk involved in questioning previous commitments that were made on the basis of this 'personal leadership'. Personal career risk, arising from a lack of appropriate organisational practices is the greatest constraint on change. Organisations whose decisions are based personal leadership, cannot question and optimise their portfolio using the meritocracy of ideas.

This leads to 'ideas resistance' within organisations. It also leads to an inability to challenge unethical, flawed, grey, uncertain, or just ineffectual parts of the business. Whistleblower practices that exist in most large corporates require a high-bar of understanding of an issue and concern. A systemic acceptance of the casual and passing "is that really OK?" are more effective practice. Effective responses cannot be relied on.

*"To run a business enterprise, especially a large and complex enterprise, management needs considerable power. But power without accountability always becomes flabby or tyrannical and usually both."* PETER DRUCKER, 1991

Generally speaking, individuals are acting with integrity and professionalism. They are failing (or failing to excel) whilst working, with integrity, to outdated roles, within outdated systems, using insufficient information-foresight.

Directors responding to our research have reported feeling uneasy that they cannot engage with the complexity of issues and threats within their organisation. It is our observation that they should be uncomfortable.

Existing governance is insufficient, and provides no effective means for them to engage with complexity through the constraints of existing board practices. They cannot rely on, or easily direct the creation of, appropriate and effective practices within the organisation.

The Commonwealth Bank's Ian Narev suggested their AUSTRAC breaches stemmed from "one software error in 2012 that we picked up in 2015". This suggests a lack of sufficient compliance testing or governance escalation through exception reporting in a high-risk corporate environment reliant on deeply complex and constantly changing technology systems. Also, these risks compound in the context of cybersecurity and other exposures. As the CBA has a reputation as an advanced practitioner of technology management and related governance, one can be deeply concerned about the oversight and preparedness of less advanced corporates and the operators of Australia's critical infrastructure.

There is significant evidence, from our research, and other sources, to suggest boards are failing to gain awareness of increasing complexity and risk arising from technology reliance and a wide range of other factors.

Directors report having to read up to 1,000 pages of board papers that predominantly focuses them on second guessing expert advice in relation to major transactional decisions. Other than considering financial auditors' reports, they report having little engagement with ensuring the systems within their organisations are comprehensively applied or fit-for-purpose. They generally report low satisfaction with their level of engagement on strategic issues, or their ability to gain awareness of the detailed operation of their businesses.

Research has traditionally labelled this as 'information asymmetry' occurring between part-time boards and deeply involved executives. It is the conclusion of our research that executives are equally unable to grasp the complexity of their organisations sufficiently to inform decision-making and contain risk. Our research label for this concept is 'information relevancy-insight paucity'. Decision makers lack appropriate insight with which to make decisions within complexity.

Existing Board and Governance leaves leaders blind; unable to engage or assure the core 'Future Fiduciary' question "Are we optimally invested in our own future?".

It is our observation that no one outside of the CEO is responsible for improving the rate of effective value-creation within the organisation. It is our observation that this is not one of the CEOs KPIs.

Multiple ASX10 Chairs (and others) have responded to the Future Fiduciary question saying "We don't optimise. You can't optimise. There is no way to optimise." **People are not aware that better practice is available.** They continue to operate the best they can within flawed systems.

*"There are these two young fish swimming along and they happen to meet an older fish swimming the other way, who nods at them and says "Morning, boys. How's the water?" And the two young fish swim on for a bit, and then eventually one of them looks over at the other and goes "What the hell is water?"* DAVID FOSTER WALLACE

Governance of Value Creation is a breakthrough built on existing disciplines. It is an integrated multi-disciplinary model for sustained value-creation in large-scale organisations. It can be implemented as a culmination of, not a diversion from, historical investments in good practice.

**Governance of Value Creation** is designed to enable leaders at all levels of an organisation to engage effectively within complexity.

*"Optimising? You're never finished. Every decision in this organisation every day... not just at the board, but throughout the organisation, is improving the value of our long-term portfolio".* CHAIR OF HIGH-PERFORMING ORGANISATION, 2017.

People are well motivated and well intentioned. They are trying to do the right thing. They are not succeeding.

*“We’ve done a couple of those (billion-dollar improvement) projects... And, we did alright... We had to do them... We are better off... But... They haven’t really made a difference” ASX10 CHAIR.*

Without a model for improved practice, and without a model for measuring their own performance, leaders are left to “try their best”. It is not good enough. It is failing.

The **Value-Creation Maturity Assessment (VCMA)** is designed, similar to a financial audit, to determine the level of maturity of practice in complex organisations, or across public networks.

We identify most large organisations are well resourced and employ generally competent professionals. When they put their mind to a task they can achieve it... but they fail to ‘bring it together’ to achieve consistent effective outcomes.

The Value Creation Maturity Assessment is a way of measuring whether an organisation has sufficient process and practice maturity to engage with the levels of complexity around it, to bring sufficient technical expertise to effective use in collaborative sense-making, and to support consistent quality decision making.

As financial audit determines if the reported financial results of an organisation have veracity, the Value Creation Maturity Assessment determines if the board and management have appropriate, consistent and reliable information, and appropriate tools to be able to optimally direct resources, track progress and assure compliance across complex future outcomes.

Research using Value Creation Maturity Assessments identifies many large organisations stuck in a phase called ‘Islands of Excellence’. Whilst they invest in change, they lack the roadmap to achieve advanced phases of integrated practice. Organisations assessed in the higher maturity phase known as ‘Integrated Maturity’ correlated with observations of sustained higher performance.

Extending the Value Creation Maturity Assessment model into a global disclosure framework.

We have opened a ‘signatory gathering phase’ on the Institute’s ‘Letter to Fiduciaries’ as a response to global-scale investors calls for stronger engagement on long-term perspectives of shareholder and stakeholder value within climate, sustainability, societal, license to operate and broader contexts.

In this response to BlackRock’s annual ‘Letter to CEOs’, we propose engagement around our breakthrough Australian solution as the potential basis for a Global disclosure framework – providing an investible periodic assessment of the quality of an organisation’s future prospects – and indicating how sustained increases in effective performance can be achieved in large, mature organisations.

There is precedent for the sustainable, impactful, influencing economic role that the AIPS seeks to achieve in standardised treatment of future prospects. This can be seen in the success of the industry based Joint Ore Resources Council (JORC) in their ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. This Australian developed standardised ‘accounting for geophysics and geochemistry’ disclosure of the ‘level of certainty associated with mining assets’ is regulated by ASIC and the ASX listing rules, and has been emulated across global jurisdictions.

Through the ‘Letter to Fiduciary’ signatory process and other engagements, the agencies involved in upgrading the sustainability of global economic systems are acknowledging our work as addressing a missing piece of the global economic infrastructure.

An Australian and Global system-wide impetus for enhanced governance.

Our partnerships with agencies involved in upgrading the sustainability of global financial systems are recognising our quantitative assessment methods as a ‘costing of future-risk’ and a breakthrough method for directing global capital to those organisations who have a heightened capability to create future-value.



The focus of global capital provides the comprehensive, sustainable, systemic impetus required to enhance governance practices.

It creates global-scale participation in the collaborative creation of what ASIC Chair, James Shipton referred to as “the first and second lines of defence”.

Solutions to the problems observed by the Royal Commission cannot be solved through legislation and enforcement of regulation. They must play their role as a minor part of systemic behavioural controls as we observe in mature (not perfect) operation in the audited financial domain.

The new knowledge developed and promoted by the institute has the capacity to mature systemic behavioural controls across non-financial outcomes on a global basis. It is gaining momentum towards this outcome.

We have proposed that Australia’s unique circumstances provide an opportunity for economy-wide adoption of advanced practices as a pilot for systemic uptake in a G20 economy.

This would secure Australia as the global epicentre of sustainable high-performance value-creation research and applied practice development.

Consequently, this would promote Australia's credentials as an advantaged destination for investment from the long-term oriented global investor market.

As such, this would see Australia engage globally advanced high-performance value creation practices that would secure advantages for our social and economic future.

It is still possible that these calls will be ignored.

**We note:** A decision for an organisation to participate in the Institute is not an easy one within current decision making practices; even though it is a modest cost, well-mitigated low risk, and high potential return. The fact that it targets the delivery of positive strategic impact across every component of a business makes it hard for any individual leader to authorise on their own – and difficult for them to introduce for consideration by a broad cross-section of their peers. It is not a business as usual decision. It is not targeting business-as-usual outcomes.

## APPENDIX 9: ADDRESSING THE MATTERS OF INQUIRY

- (a) whether any conduct by financial services entities (including by directors, officers or employees of, or by anyone acting on behalf of, those entities) might have amounted to misconduct and, if so, whether the question of criminal or other legal proceedings should be referred to the relevant Commonwealth, State or Territory agency;

AIPS offers no commentary.

- (b) whether any conduct, practices, behaviour or business activities by financial services entities fall below community standards and expectations;

AIPS offers no commentary.

- (c) whether the use by financial services entities of superannuation members' retirement savings, for any purpose, does not meet community standards and expectations or is otherwise not in the best interests of those members;

AIPS offers no commentary on specific practices.

However, we caution that the global trend is towards increased consideration of the societal and sustainability outcomes arising from the assignment of capital, and a reappraisal of the role of capital and purpose of corporations. Mature engagement with these issues is necessary and desirable, not only for those who predict a small government future, but from all who promote the concept of engaged and participatory democracy, economy and community.

Countervailing this, in the Australian context, superannuation's proximity to Political interests make this problematic.

Collaborative development and standardisation of mature, reliable non-financial measures will improve the capacity for constructive ongoing communication on these issues, politically, amongst economic leaders, and within the community.

- (d) whether any findings in respect of the matters mentioned in paragraphs (a), (b) and (c):
- (i) are attributable to the particular culture and governance practices of a financial services entity or broader cultural or governance practices in the relevant industry or relevant subsector; or
  - (ii) result from other practices, including risk management, recruitment and remuneration practices, of a financial services entity, or in the relevant industry or relevant subsector;

Emphatically **YES** as outlined throughout this submission. But, not restricted to the sector.

- (e) the effectiveness of mechanisms for redress for consumers of financial services who suffer detriment as a result of misconduct by financial services entities;

AIPS offers no commentary.

- (f) the adequacy of:
- (i) existing laws and policies of the Commonwealth (taking into account law reforms announced by the Commonwealth Government) relating to the provision of banking, superannuation and financial services; and
  - (ii) the internal systems of financial services entities; and
  - (iii) forms of industry self-regulation, including industry codes of conduct; to identify, regulate and address misconduct in the relevant industry, to meet community standards and expectations and to provide appropriate redress to consumers;

As outlined through this submission, we do not believe that deficiencies in the laws and policies of the Commonwealth are the material cause of the issues uncovered by the commission. Nor do we believe that a legislative response, in isolation of other action will be effective. And, we also do not suggest that industry self-regulation or codes of conduct, or internal systems (specific to) financial service entities are indicated.

As outlined, the transgressions identified by the Royal Commission are enabled through ineffective and ineffectual governance practices that are common across the economy. An effective response must be a systemic upgrade of practice across the economy.

As is currently the case with the ongoing development of financial governance and accounting practices (for financial measures), this must be developed collaboratively across the economy. Government, regulators, investors, and other actors should be involved as active participants in order guide development, and to adapt themselves to fulfil updated roles within an enhanced system.

The Australian Institute of Performance Sciences has been developed as an independent collaborative vehicle for the ongoing facilitation of this process.

- (g) the effectiveness and ability of regulators of financial services entities to identify and address misconduct by those entities;

Regulators do not have the capacity to police and enforce ethical behaviours in the finance sector, let alone across the rest of the economy, or across the broader swathe of emerging issues that companies are expected to engage (as outlined in the ASX Corporate Governance Guidelines Edition 4 and other publications).

The community would be unwilling to support either the cost, nor the intrusion of a police-enforcement approach to this problem. It is neither a viable or desirable option.

Regulators must play an enforcement role WITHIN AN EFFECTIVE MATURE FIT-FOR-PURPOSE SYSTEM. The ASIC Chair, James Shipton has referred to reliance on first and second lines of defence. It must be clear from the Royal Commission's work, as well as the APRA report into The Commonwealth Bank and many other indicators, that our current systems are not sufficiently fit-for-purpose to address current and emerging of challenges. They are failing. Regulators will fail within failing systems regardless of the resources or authority that may be supplied to them.

Neither regulators, nor government, can single-handedly develop the systems required. Their appropriate participation is vital. As regulators and legislators their input to effective practice is of great value. Government's role as a major participant in the economy (28-35% of GDP) makes their participation in collaborative practice development even more vital.

The Australian Institute of Performance Sciences has been developed as an independent collaborative vehicle for the ongoing development of systems (public fabric) required to engage and address 21<sup>st</sup> Century Challenges.

- (h) whether any further changes to any of the following are necessary to minimise the likelihood of misconduct by financial services entities in future (taking into account any law reforms announced by the Commonwealth Government):
- (i) the legal framework;

- (ii) practices within financial services entities;
  - (iii) the financial regulators;
  - (i) any matter that has occurred or is occurring overseas, to the extent the matter is relevant to a matter mentioned in paragraphs (a) to (h);
  - (j) any matter reasonably incidental to a matter mentioned in paragraphs (a) to (i).
- AND, without limiting the scope of your inquiry or the scope of any recommendations arising out of your inquiry that you may consider appropriate, for the purpose of your inquiry and recommendations in relation to the matter mentioned in paragraph (f):
- (k) We direct you to have regard to the implications of any changes to laws, that you propose to recommend, for the economy generally, for access to and the cost of financial services for consumers, for competition in the financial sector and for financial system stability; and
  - (l) We authorise you to have regard to comparable international experience, practices and reforms.

The Australian Institute of Performance Sciences is being recognised globally for its introduction of global thought leadership, and global leading quantitative capabilities.

The Institute's Governance of Value Creation practices are being recognised as a culmination of Australian and global investments in advanced practice. It integrates and activates great work that has been developed across a wide range of implicated disciplines.

Australia should be aware of international experience, practices and reforms, but should not be reticent to exercise leadership in this area.

## And, noted from the Letters Patent

The observations:

- a) WHEREAS Australia has one of the strongest and most stable banking, superannuation and financial services industries in the world, which performs a critical role in underpinning the Australian economy.
- b) AND Australia's banking system is systemically strong with internationally recognised and world's best prudential regulation and oversight.
- c) AND most Australians are consumers of banking, superannuation and other financial services. The superannuation system alone in Australia has created more than a \$2 trillion retirement savings pool, which continues to grow rapidly and which compels all working Australians to defer income today for their retirement.
- d) AND all Australians have the right to be treated honestly and fairly in their dealings with banking, superannuation and financial services providers. The highest standards of conduct are critical to the good governance and corporate culture of those providers.
- e) AND these standards should continue to be complemented by strong regulatory and supervisory frameworks that ensure that all Australian consumers, including business, have confidence and trust in the financial system.

We note:

- Maintenance of high standards relies on a systemic capability.
- Regulatory and Supervisory frameworks **complement** but do not define, create or facilitate systemic capability.
- Internationally recognised leadership is not going to be achieved through trailing or mimicking international practice.

If Australia wishes to maintain, or extend a recognised leadership in integrity, economically underpinning, and honest public-service – it is going to need to take a globally leading role in defining and nurturing its systemic capability.

The Australian Institute of Performance Sciences has been developed as an independent vehicle to facilitate this outcome in collaboration with major participants across the Australian economy.



## LETTER TO FIDUCIARIES:

BlackRock  
Vanguard  
State Street Corporation  
Fidelity Investments  
BNY Mellon Investment Mgmt  
JP Morgan Asset Management  
PIMCO  
Capital Group

Prudential Financial (PGIM)  
Goldman Sachs Asset Mgmt  
Amundi  
Pension Funds  
Sovereign Wealth Funds  
and global scale Asset Managers  
cc: G20, World Bank, WEF  
IIRC, UN PRI, GRI, A4S, et al

Stock Exchanges  
Rating Agencies  
Reserve Banks  
Treasurers & Finance Ministers  
Regulators (and IOSCO)  
Boards and Executives  
and aligned civil, business and  
investment leadership forums

April 2018

Dear Fiduciary,

We have heard the calls. BlackRock's 'Annual Letter to CEOs', CECP SSI's 'Investor Letter to Presenting Companies' and many other voices seek stronger engagement on long-term perspectives of shareholder and stakeholder value within climate, sustainability, societal and broader contexts.

In response, we propose engagement around a breakthrough Australian solution to this issue as the potential basis for a Global disclosure framework – providing an investible periodic assessment of the quality of an organisation's future prospects – and indicating how sustained increases in effective performance can be achieved in large, mature organisations.

We applaud your success in driving awareness through forums of fiduciaries, CEOs, Finance, ESG and CSR professionals, governments, regulators and institutions. This very success suggests that the constraint is no longer awareness, goodwill, or even leadership. **The systemic capacity to engage future-value creation is the most significant remaining constraint on the achievement of these widely endorsed goals.**

Our future-challenges engage multiple measures of value. They are uncertain, complex to execute, and difficult to communicate between trust-stakeholders. We lack the effective means to reliably engage, execute, govern and communicate future-value creation, at the human, organisational and systemic level. Enhanced practice is required.

Accounting for Sustainability's observation that we are battling to meet 21st Century challenges with 20th Century decision-making and reporting systems has spurred global advances (IIRC, GRI, et al) in measurement and reporting. We have not seen similar advances in systemic capacity for decision-making, governance and the organisation of human labour.

Boards, executives, and managers of funds are constrained from acting without assurable, quantifiable capacity to make enhanced contextualised decisions. They need the ability to demonstrate the appropriateness of actions taken in support of long-term shareholder and stakeholder interests.

**The Australian Institute of Performance Sciences is facilitating the development and application of the breakthrough 'Governance of Value Creation' approach.** This approach enables enhanced decision-making and system-wide engagement with the core 'Future Fiduciary' question "Are we optimally invested in our own future?".

**You called for long-term stakeholder perspectives on value-creation. We have developed a globally scalable systemic approach to achieve it. This is best matured to impact through collaboration. Please respond to us with contacts for appropriate engagement.**

Sincerely,

Signatories (in their individual capacities):

**Danny Davis**

Executive Director  
Australian Institute of  
Performance Sciences.

**Lars Schiphorst**

Executive Director  
Australian Institute of  
Performance Sciences.

**John Stanhope**

Chair, Australia Post  
Chair, Bionics Institute.  
Director AGL.

**Judge Professor**

**Mervyn King**

Integrated Reporting

**Michael Roux**

Ex Dep Secretary of Treasury, Chair  
VicSuper, V-Chair Citigroup. Australian  
Davos Connection. WEF Ambassador.

**Andrew Harding**

Chief Executive Management Accounting,  
The Association of International Certified  
Professional Accountants.

**Gavin Yeates**

Former Vice President  
Business Optimization, BHP Billiton.  
Former member JORC

**Rob Loader**

Director Capital Planning  
Telstra.

**Victor Perton**

Ex Commissioner to the Americas, Snr  
Advisor to G20 Presidency & Central  
Bank Governors. Parliamentarian.

**Jeroen Veldman**

Senior Research Fellow, Cass Business  
School. Coordinator,  
The Modern Corporation Project.

**Gordon Noble**

Principal Advisor John Grill  
Centre for Project Leadership.

**Filip Gregor**

Head of Responsible Companies,  
Frank Bold.  
Purpose of the Corporation Project

**Michael Bray**

Deakin Fellow in Integrated Reporting.

**Dr Matthew Kiernan**

Chief Executive  
Inflection Point Capital Management.

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*"Surely, we know how to make boards effective as an organ of corporate governance. Having better people is not the key; ordinary people will do. Making a board effective requires spelling out its work."* PETER DRUCKER

*"I suspect that in the end we shall develop a formal business-audit practice, analogous perhaps to the financial-audit... based on predetermined standards (of) a systematic evaluation of business performance."* PETER DRUCKER

*"It may not be too fanciful to expect that in ten years a major pension fund will not invest in a company's shares or fixed-income securities unless that company submits itself to (such) a business-audit."* PETER DRUCKER, 1991

*"The person who figures out how to harness the collective genius of the people in his or her organization is going to blow the competition away."* PETER SENGE

## BACKGROUND

Academic and commercial research undertaken in Australia has engaged directors at the top 10 listed companies (seven at Chair), CEOs and directors of fiduciary investors and their equivalents amongst government legislators, departments, agencies and regulators. **On the basis of the preliminary indications of this research, the Institute seeks to facilitate the collaborative maturing and global application of:**

**Governance of Value Creation, as a future-oriented analogue to Financial Governance.** This is an integrated, multi-disciplinary model for sustained highly-effective value-creation. It can be applied across all sectors, strategies and structures of organisation or asset.

- Quality information-foresight enables timely, balanced decision-making for optimising multiple bottom-line outcomes, across multiple time horizons, in the context of complexity and uncertainty.
- Accounting for periodic movement in certainty of future-outcomes (from experimentation, learning and changing externalities) empowers decision-agility and the immediacy of KPI performance measurement of progress towards long-term objectives as a counter to short-term pressures.

**And, the related Value-Creation Maturity Assessment (VCMA), as an assurable, investible disclosure of the certainty of future-prospects.** This is a cross-sector, knowledge economy, societal-value, intangible-value-creation equivalent to the JORC / SAMREC / SME standardised reporting on the levels of certainty associated with extracting value from Mining and Resource assets.

- Standardised disclosure across multiple time-horizons, including the extent of consideration and level of preparedness for standardised contingencies. And, use of a method that maintains confidentiality of strategy, and appropriate roles for directors in preparation and assurance.
- Enhanced impact for fiduciaries from a global-scale systemic approach that moves beyond proxy voting and informal behind-closed-doors discussions, and beyond listed vehicles whilst expanding your investible universe.

These approaches integrate, and thereby activate (not duplicate) the vast multi-disciplinary body of professional practice. They can be understood as implementation extensions to Integrated Thinking (IIRC) encompassing GRI, UN PRI, CIMA Principles and other measures. This is a culmination of, not a diversion from, historical investments in good practice.

We see increased systemic productivity defined not as cost-cutting, but as the 'effective creation of new sustained value'. We identify the vast latent capacity in human ingenuity, and how it can be liberated and applied to new value-creation through updated practice. We identify that effective growth does not demand increased risk. Creation of new value presents as the path to sustained wage growth, trickle-up economics, participation, trust and sustainably vibrant societies.

Systemic advantages suggest piloting cross-economy uptake in the Australian context, as an exemplar for accelerated global advancement. We have years, not decades in which to deliver global impact. Success will contribute to how corporations and investors create value, but moreso, to how corporations, investors, governments and community jointly participate in achieving effective future outcomes.

This is an opportunity to exercise the great responsibility invested in you as fiduciaries. It enlivens your role as leaders and system-makers in fulfilment of your own social licence. This call for support and participation is a chance to demonstrate this leadership and model the behaviours you seek in others.



## APPENDIX 11: FURTHER READING

We recommend the Commission make themselves familiar with other information published on the [www.aips.online](http://www.aips.online) website including our:

- Advisory Board
- Expert Advisory Committee
- Responses to various Parliamentary Committees
- Reporting from our series of Roundtable workshops held at State and Federal Parliaments
- Global outreach through our ‘Letter to Fiduciaries’, and
- The Institute’s white-paper series:
  - **Australian Prosperity**: An alternative approach to sustained economic Development. Economic growth and budget repair.
  - **Enhanced Stewardship**: Enhanced Government and Community Sector Performance, Better Societal Outcomes, and Activation, Engagement and Alignment across Public, Commercial and Community Sectors.
  - **The Executive Epidemic**: Unsustainable Overload. Idea resistance. Perverse incentives. Frustrated value. Career risk.
  - **Active Value**: New Research Empowering Sustained Superannuation Prosperity.

And, additional information is available on request, including:

- A Research Summary
- An introduction to ‘Phase Shifting’ transformation methodology
- A presentation on the Institute’s operation, model and strategy, and
- Our recent budget submission calling for the funding of a paper entitled “Sustained High-Performance Value-Creation in the Australian Economy”
 

*The concepts, opportunities, economics, interest-in-participation and development pathways for Governance of Value Creation in Australia’s commercial, investment, public and community sectors... and, its context within Australian and Global regulation and practice development.*
- Our recent submission to the Australian Public Service review including recommendations on the adoption of enhance governance practices through the Development of a Capability Upgrade Plan: “Effectiveness Enhancement from a Governance of Value Creation perspective.”
 

*To provide actionable guidance to enhance the Secretaries Board’s capacity to lead, oversight, engage, prioritise and lift the rate of sustained effective value-creation – across public and community sectors – and across economic and social outcomes.*
- Our recent submission to the ASX Corporate Governance Council’s consultation on their Principles and Recommendation (edition 4), in which we note:
 

*That broadly highlighted systemic issues involve companies who would all be predominantly compliant with the new code. And further, that the code does little to direct behaviours that would impact the Council’s own observation that “Boards are increasingly being called upon to address new or emerging issues including around social licence, culture, conduct risk, digital disruption, cyber-security, sustainability and climate change”.*
- A sample Foundation Participation ‘Heads of Agreement’ contract outlining the specific measurable outcomes to be delivered against a participant’s (e.g.: the Commonwealth’s) subscription.