

DIRECTORS'S COMPANION BOOKLET

Preface/Copyright/Important Disclaimer/Editorial Team/Acknowledgements

The Director's Companion booklet has held a special place both within AM Institute's product range and in credit unions throughout Australia and New Zealand. This starter kit for credit union directors was first established back in 1992, was revised in 1993, 1994 & 1996 and then underwent major rewrites in 2000, 2003, 2007 and 2010. This, the 8th Edition, was published by the Australasian Mutuals Institute in January 2010 and was to be the last edition published.

So whilst the information has not been updated since January 2010 it remains highly relevant and useful information (note that there have been a lot of regulatory changes since 2010 that have impacted on some of the content in Chapter 2) for the customer owned banking sector prompting AM Institute to make it available as a free resource on its website. There have also been changes in the make-up of the Movement Owned Support Organisations in that time.

Chapter 1 provides an overview and potted history of the credit union and building society system and the movements in Australia and New Zealand.

Chapter 2 has grown in size and scope through each edition reflecting the continually increasing demands and complexity in regulation for corporations generally here in Australai and New Zealand and even more so for ADIs specifically.

There was also some expansion in scope within this latest edition for Chapter 3 to capture the growth of importance that corporate governance issues and standards have been attracting in recent years.

Every director now needs to see the responsibilities of directorship as a profession in its own right possessing a good understanding of contemporary corporate governance standards together with a comprehensive appreciation of compliance obligations across corporate and prudential regulation and all other legislative impacts involved in managing an ADI. Added to this foundation of knowledge, experience and expertise must be a capacity to contribute to, and add value to, the mutual ADI's decision making process relating to the performance of the mutual ADI in the best interests of the owners – the members.

The Closer Economic Relations (CER) Agreement between Australia and New Zealand has been providing a significant impetus towards harmonisation of legal and prudential regulation. Even though this Director's Companion is written primarily for Australian conditions in terms of Sections 2 (Regulation) and 3 (Governance) almost all of what applies in Australia either currently does or will in the future apply in New Zealand albeit sometimes in a slightly different format.

One important development post production of the 8th edition has been the encouragement by the Federal Government for those mutual ADIs with the minimum level of required tier one capital viz \$50m to apply for conversion to a mutual bank. In the two years from September 2012 twelve credit unions and building societies have taken advantage of this opportunity with a handful more in the pipeline.

The Director's Companion booklet should provide an ideal starting point for those commencing their journey as a director of a credit union, mutual building society or mutual bank and should prove to be a valuable and readily accessible resource on a wide range of points.

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Professional Development

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The publication has been a fine example of the co-operative spirit in action within the customer owned banking sector.