

LSV Board response to the Governance Review

22 January 2024

- LSV's current governance structure was developed over 20 years ago when SLSV and RLSSA – Victorian Branches merged. Our current governance structure is complex and lends itself to challenges and risks. Combined with the evolution of LSV, together with the responsibilities of Directors and 'good governance,' it was prudent for the LSV Board to initiate a review of LSV's governance arrangements.
- On Tuesday, 16 January 2024, the LSV Board held a dedicated workshop to consider the independent governance review final report and its 15 recommendations. The Review Report is available to stakeholders on the LSV Club Gateway [here](#).
- The Board is grateful for the initial stakeholder feedback received via the town halls and written submissions, especially during the peak operating season for clubs and the aquatic industry. This feedback has been considered in detail during workshop discussions and it has certainly informed and shaped the Board's position.
- It is important to highlight that we are in an ongoing process of review and change and no 'decisions' have been made. The Board has determined its general (high-level) position on each recommendation (see page 3) and now seeks further discussion, engagement, and design with stakeholders, including members and aquatic industry representatives, to develop and agree on the best solutions for LSV.
- In reviewing the recommendations, the need for some critical messages has emerged.
 - o Regardless of any future change, the need to enshrine the voice of members and the aquatic industry is a critical principle for LSV. Any future change must and will uphold this principle.
 - o The Board notes that in some places the independent report can be seen to question the future roles and reliance on volunteers. The Board does not share this view in any way. Volunteers are at the heart of LSV, and this will always be the case.
 - o There are some recommendations that the Board considers 'won't work' for LSV, including (for example) the future role of Councils as described, and a lack of resolution for how the aquatic industry is included in governance decisions. Where recommendations are unsuitable to LSV, the Board will be seeking further engagement and input from stakeholders to discuss and develop alternative designs or solutions. We thank stakeholders for early feedback, which has already included some constructive alternatives for consideration.
 - o There are some confusing references to 'independent' Directors across the recommendations, with the word meaning different things at times. In short, please note that any change will always include member-elected Directors, and the Board recognises the importance and value of having Directors with knowledge, skills, leadership, and experience across lifesaving and the aquatic industry.

- Finally, while there is considerable work ahead to develop and agree on the right future governance model for our organisation, the Board remains committed to and focused on improving arrangements, building clarity for accountability, and delivering excellent, modern governance for LSV.
- To this end, the Board has committed to the creation of a **Future Governance Working Group** which will include diverse stakeholders who are representative of the broader organisation. More details will be provided in due course.
- We recognise the importance of this work and that being in the height of summer and operations is not the best time to enable full and genuine engagement with our stakeholders. We also highlight that there is no pre-determined timeline to implement any changes and confirm that members and the aquatic industry will have substantial opportunities to provide further feedback, engage in discussions, and ask questions. We look forward to ongoing engagement as we seek a way forward aligned to the best interests of a sustainable LSV.

Current LSV Board position on external governance review recommendations (as at 16/1/2024)

#	Recommendation description (as per final Review Report)	Position	Additional brief notes on the position
1	<p>Recommendation #1: A New Governance Model for LSV</p> <p>A rationalised and simplified governance model for LSV through which the LSV Board has ultimate governance responsibility for all LSV strategy, programs and activity. The subject matter expertise of the Councils is acknowledged, and they will be retained but become advisory bodies ('Advisory Councils'). They will not have authority to bind LSV, and the volunteer roles they provide will form part of the accountability of the LSV Executive Management Team (via the LSV CEO). Clubs will continue to participate in Council meetings and will have a direct ability to vote on matters in General Meetings, including constitutional change and Director elections (replacing the Council representatives as voting members of LSV).</p>	Supported in principle	The Board agrees on the need for a new governance model, however, feels the recommendation as phrased is unresolved and raises questions about the model in practice. The Board seeks to engage and design <i>with</i> stakeholders to form a governance model that separates governance and operations, and that is tailored for LSV, including preserving and where possible, enhancing the volunteer member and aquatic industry voice.
2	<p>Recommendation #2: Amending Roles and Responsibilities</p> <p>LSV should reset and document roles and responsibilities for key bodies comprising the governance of LSV to ensure appropriate accountability across the organisation. This should encompass the LSV Board having ultimate accountability for all organisational activities, with the LSV Executive Management Team delegated authority and accountability for execution.</p>	Supported	This recommendation will be enacted to support any agreed change to the governance model. The Board notes that other recommendations are pre-conditions to this. In addition, the Board wants to specifically emphasise that there is/will be no intention to diminish the valued role of volunteers or other stakeholders through any such review.
3	<p>Recommendation #3: Changing the Membership of LSV</p> <p>The voting members of LSV will be LSV's Affiliated Clubs. The Affiliated Clubs at the time of the General Meeting will each be given one vote to be exercised at LSV General Meetings, with an additional vote provided for Clubs with a paid membership in the preceding financial year of more than 2,000 paid members as recorded in official LSV / SLSA membership records. Consideration should be given to further constitutional changes arising from the Recommendations in this Report to be voted on under this new membership model.</p> <p><i>Alternative Option: Should LSV determine that any form of proportional voting is not desired, SIGPA would recommend that the alternative be one vote for each of the Affiliated Clubs at the time of the General Meeting. LSV should reset and document roles and responsibilities for key bodies comprising the governance of LSV to ensure appropriate accountability across the organisation. This should encompass the LSV Board having ultimate accountability for all organisational activities, with the LSV Executive Management Team delegated authority and accountability for execution.</i></p>	Supported in principle	The Board does not support 2 votes for larger clubs, though does support the alternative of 1 vote per club. However, the Board seeks to resolve and include aquatic industry representation in any new governance model in recognition of our origins and the strategic importance of both club operations and the aquatic industry to achieving our purpose.

4	<p>Recommendation #4: Changing the Composition of the LSV Board</p> <p>LSV should make constitutional amendments to give effect to the following changes to the LSV Board:</p> <ul style="list-style-type: none"> (a) The number of Directors on the Board will be reduced from 11 to nine (9) (b) All Directors will be independent (in the sense of not holding any other formal governance roles within the LSV governance structure or within Affiliated Clubs or Associate Members, other than roles with SLSA or RLSSA, although these Directors can be drawn from within the lifesaving movement – refer to Recommendations 7 and 8) (c) The role of portfolio Director will be transitioned to independent Director (d) Six (6) Directors will be elected by LSV’s voting membership (refer to Recommendation 3) (e) Three (3) Directors can be appointed via recommendations of the Nominations Committee. 	<p>Supported</p>	<p>The Board supports the recommendation overall, however, recognises the word ‘independent’ is open to misinterpretation and needs to be clarified. For example, ‘member-elected’ Independent Directors would have lifesaving skills and experience, however, would not be portfolio (Council) specific Directors. Further engagement is required to build stakeholder understanding and support for what these changes mean, including ensuring alternative activity-specific volunteer operational leadership is accounted for in the model, the value of independent (member-elected) Directors, and the development of the recommended skills matrix to ensure that Directors with requisite specialist LSV skills and experience are appointed to the Board (refer c).</p>
5	<p>Recommendation #5: Terms and Rotations of LSV Directors</p> <p>LSV should make the following constitutional amendments to give effect to the following changes to the terms of LSV Directors:</p> <ul style="list-style-type: none"> a) Director terms will be for three (3) years, for a maximum of three (3) terms (Part (a) is CRITICAL) b) The LSV President can extend to an additional term if only in the seat for one (1) term upon expiry of their third term c) Three (3) of the nine (9) Directors will be up for election (or retirement) on an annual basis, of which two (2) shall be via election, and one (1) via appointment (Part (c) is CRITICAL) d) The ineligibility period for an ex-Director will be three (3) years e) A departing CEO cannot be appointed or elected to the LSV Board for a period of three (3) years. 	<p>Supported</p>	<p>While supported, at (a) the Board’s preference is for three (3) year terms for a maximum of two (2) terms (giving a maximum total of six years). At (b) this would mean a small change to allow the President, if elected in their second term, to extend for an additional third term (not a ‘fourth’). This recommendation should be reviewed for overall suitability once the more detailed new governance model is resolved (Rec #1 & Rec #4).</p>
6	<p>Recommendation #6: Definition of Independence for LSV Directors</p> <p>All Directors will be required to be independent and will be subject to the standard presently applied for appointed LSV Directors:</p> <ul style="list-style-type: none"> - Candidates for directorships must declare any position held in a Life Saving Club or Associate Member (as defined in the LSV Constitution), including as an office bearer, director or paid appointee. 	<p>Supported in principle</p>	<p>The Board supports the <i>intent</i> of this recommendation to reduce potential conflicts of interest for Board members, though sees a need for further detail and scenario testing to ensure that this is fair, equitable, and appropriate for all. As per the response to Recommendation #4, the language of ‘independent’ is potentially confusing and requires</p>

	<ul style="list-style-type: none"> - Upon appointment, Directors must resign from any paid role with, or position they hold on the board or committee of management of, a Life Saving Club or Associate Member (or other related entity as determined appropriate by LSV). 		further stakeholder engagement to enhance understanding. For example, 'member-elected' Independent Directors would have lifesaving skills and experience, however, would not be portfolio (Council) specific Directors.
7	<p>Recommendation #7: Choosing the Chair (President) of LSV</p> <p>LSV should make the following constitutional amendments to give effect to the following changes to the LSV Chair:</p> <ol style="list-style-type: none"> The Chair of LSV (referred to by LSV as the President) will not be elected (directly) by the voting membership of LSV The LSV Board will choose its leader for a three (3) year term Any Director of LSV can be the President, and therefore the Chair of the Board 	Supported in principle	The Board notes that feedback has highlighted that a member-elected President is important to stakeholders. This recommendation is supported in principle, with a view to discussing alternative options with stakeholders. For example, the President is chosen by the Board from member-elected Directors (only).
8	<p>Recommendation #8: Role of Nominations Committee</p> <p>LSV should enshrine the role of the Nominations Committee in the Constitution. The role of the Nominations Committee is to encompass:</p> <ol style="list-style-type: none"> Ensuring the Board has the right mix of skills, diversity, and expertise (expressly including lifesaving and Aquatic Industry) Succession planning, including identifying potential candidates for appointment and election Assessing candidates for election, and ensuring they meet the definition of independence as outlined in the Constitution (refer to Recommendation 6), and meet the requisite skills, expertise and diversity for the LSV Board 	Supported	The Board recognises that the development of the terms of reference for this committee should be a collaborative undertaking with stakeholders, with a clearly defined scope and role.
9	<p>Recommendation #9: Retention of the Councils as Advisory Councils</p> <p>Under the new LSV governance model, the following will apply to Councils:</p> <ol style="list-style-type: none"> The role of the Councils should be enshrined in the Constitution, with the primary function being subject matter expertise for the LSV Board and the LSV Executive Management Team. These Councils will be known as 'Advisory Councils'. Advisory Councils should be referred to in the Constitution in the 'general' form (with their functionality and focus not specifically outlined) Consultation with the Advisory Councils by the LSV Board should be mandated in the Constitution (at least twice yearly with the LSV Board and otherwise as required) For the purposes of simplicity and for the sharing of relevant subject matter information, the Clubs will retain a role as delegates to Advisory Councils Each Advisory Council shall have a Council Committee of five (5) persons (or such other number as the LSV Board considers appropriate for that Advisory Council) elected by the Clubs other than AEIEC, which will nominate its Council Committee with those nominations being reviewed by the Nominations Committee and appointed by the LSV Board 	Not Supported	The Board considers that the recommendation as set out raises concerns. The Board agrees that the higher-order principle of importance is that the voice of members and the aquatic industry should be enshrined and upheld in any new governance model for LSV. The Board supports the need for an improved governance model and clearer accountability that eliminates the potential for conflicts of interest. As per Rec #1, engagement with stakeholders to design a model best suited to LSV is the next step.

	<p>e) Advisory Councils should meet quarterly (and otherwise as required) to allow for Clubs (and Aquatic Industry participants for AEIEC) and the LSV Executive Management Team to surface issues and opportunities</p> <p>f) Advisory Councils, with the approval of the LSV Board and / or Executive Management Team, can convene working groups as required by the organisation (which need not be specifically referred to in the By Laws)</p> <p>g) The LSV Board should have the power to disband Advisory Councils and / or create new ones</p>		
10	<p>Recommendation #10: Operational Roles Outside of the LSV Paid Organisational Structure</p> <p>In relation to volunteer roles outside of the LSV paid organisational structure:</p> <p>a) LSV should review operational roles, including those presently vested in Councils in consultation with subject matter experts including representatives of Councils and other stakeholders</p> <p>b) LSV, in consultation with others such as those listed above, should consider the relevance and requirement for all operational roles (including both paid and volunteer roles)</p> <p>c) Regardless of the above, and primary to this Recommendation, all operational roles to be retained should have specific accountability via the LSV Executive Management Team</p> <p>d) It is recommended that LSV consider the following parameters in determining the future of operational roles:</p> <ul style="list-style-type: none"> - That operational roles in LSV should continue to be a combination of volunteer and paid positions) - The risk of the role (for the organisation, and personally, especially for volunteer roles) - Whether the role is replicated (even partially) within the LSV operational structure - The preferences and needs of volunteers, including the difficulty in ‘filling’ a volunteer role - The method of choosing the person to undertake the role (especially volunteer roles) - The existing workload and responsibilities of LSV paid staff - The sufficiency of the overall funding and resource base of LSV to take on additional roles and responsibilities (if deemed appropriate), whether via existing or new paid staff roles - How the transition of any prior volunteer roles into paid staff roles (if deemed appropriate) should be phased into the LSV operational structure 	Noted	<p>The Board considers that this recommendation moves beyond the scope of the governance review. LSV has expanded and adapted its staffing and volunteer structure since the organisation was formed, and while operational reviews of roles seek to find efficiencies and remove duplication; volunteers are an integral part of LSV and the lifesaving movement, and the lifeblood of the organisation and there is no intention to move to a fully paid workforce. By way of example, LSV estimates that volunteers deliver contributions of approximately \$1.9 million annually to support the delivery of aquatic sports carnivals. LSV simply cannot achieve its purpose without strong, collaborative, and effective relationships between staff, volunteers, and the aquatic industry.</p> <p>The Board proposes the focus of engagement is on Rec #1 to design a governance model that separates governance and operations, and that is tailored for LSV, including preserving the member and aquatic industry voice.</p>
11	<p>Recommendation #11: Stakeholder Engagement Plan</p> <p>LSV should develop a stakeholder engagement plan to stipulate how it will engage with key stakeholders.</p>	Supported	<p>The Board supports this recommendation, and that once the new governance model is resolved, a stakeholder engagement plan be developed.</p>
12	<p>Recommendation #12: Independent Chair for Finance, Risk and Audit Committee (FRAC)</p>	Supported in principle	<p>The Board supports an alternative proposal to seek additional independent members with the requisite skills on all Board Committees but not necessarily</p>

	<p>LSV should appoint an independent Chair of its Finance, Risk and Audit Committee. LSV should also consider mandating the involvement of independent persons as part of other key committees such as the Governance Committee and the Nominations Committee.</p> <p><i>Alternative Option: Should LSV determine that it is not in favour of supporting a Chair of its Finance, Risk and Audit Committee that is independent and not a Board member, it should at the minimum maintain independent, non-Board member representation on the Committee (as is the case now).</i></p>		<p>as the Chair at this time. (Note: that the current LSV Constitution currently inhibits an appointed committee member from serving as Chair of a Board Committee and this should be further discussed, for possible resolution).</p>
13	<p>Recommendation #13: Ensuring Board Skills, Expertise and Diversity</p> <p>The LSV Board should adopt measures to ensure that appropriate skills, expertise and diversity are maintained on the LSV Board, including by:</p> <ul style="list-style-type: none"> - Talent identification and succession planning - Development of a detailed Board skills matrix - Documenting the process for Director appointments - Introducing a documented and formal process for performance evaluation of the Chair, individual Directors and the Board as a whole 	<p>Supported in principle</p>	<p>In addition to support for this recommendation, the Board notes that the design of a skills matrix should (a) include specific LSV experience and skills and (b) be developed in conjunction with the design of the future governance model (refer Rec #1, #4, #9).</p>
14	<p>Recommendation #14: Clarify Director/Staff Communication Protocols</p> <p>The LSV Board should reconfirm that the Board has delegated the management of LSV to the LSV CEO and that Directors should no longer freely liaise with the LSV Executive Management Team in relation to operational matters (without express approval of the LSV CEO) (refer to Recommendation 4).</p>	<p>Supported in principle</p>	<p>The Board supports this in principle subject to the design of the governance model and preferred and agreed governance and operating structures (refer Rec #1, #4, #9). This is strictly relevant to the Board and Executive Management team only. Day-to-day effective communication between volunteers, the aquatic industry, and staff remains critical to achieving our purpose and this will not change. LSV would never adopt a protocol prohibiting or inhibiting general communication and LSV will continuously improve how it communicates with all stakeholders.</p>
15	<p>Recommendation #15: Review of Other Process and Policy Documentation</p> <p>LSV should:</p> <ol style="list-style-type: none"> a) Develop a formal compliance system allowing for an annual review of LSV's compliance with legislative and regulatory requirements (Part (a) is CRITICAL) b) Update the LSV website to include accurate information on Victorian Child Safe Standards (Part (b) is CRITICAL) c) Ensure that the Board is comfortable with the level of detail in Board meeting minutes and that sufficient information is provided to Directors d) Consider publishing its risk register to constituent groups 	<p>Supported</p>	<p>The Board supports these recommendations as a matter of course to support wider change and improvement.</p>