

The Hon Gail Gago MLC  
Minister for Employment, Higher Education and Skills  
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Dear Minister,

I refer to your letter of 30<sup>th</sup> July, which followed an earlier letter to me from the Premier, regarding the South Australian government's reform of Government boards and committees.

In your letter you requested that I provide a response to you, to enable Cabinet and yourself to consider the future role of the board of Austraining International P/L (now Scope Global P/L). In particular, you requested that I provide advice on matters as to the reason for continuing, including opportunity for redesign (creating independence or could the functions be better provided within Government); membership requirements; should the board be time specific; or should the scope of responsibilities be redefined. I respond as follows:

#### Corporations Act 2001

Scope Global P/L (SGPL) is incorporated as a Proprietary Limited company under the Corporations Act 2001 ('Act'). As a consequence SGPL must operate in accordance with the Act, including compliance with:

- 1) Minimum number of Directors
- 2) Fiduciary obligations of Directors under the Act
- 3) Reporting obligations under the Act

The Act requires a minimum of one Director be appointed for a Pty Ltd company. The SGPL Constitution allows for a maximum of 6 Directors.

The Board is required to ensure compliance with reporting obligations under the Act, including the preparation and audit of the Annual Report, which is required to be submitted to the Australian Securities and Investments Commission.

#### Benefits of Current Board Size and Diversity

SGPL does not receive nor has it ever sought an appropriation of State funds, but generates all income from commercially competitive contracts that it enters into.

The current board consists of 5 independent Directors, and an executive Managing Director.

The collective commercial experience of the independent Board ensures maximum return from those contracts, by monitoring operating costs on a commercial basis to ensure strong profitability and organisational sustainability. This profitability then leads to income tax being paid to State Treasury

through the 'Tax Equivalence Regime', and dividends paid to the Shareholder in line with the approved Dividend Policy.

My current board represents an ideal mix of skills and experience, including 3 female Directors and currently 2 male Directors (noting that we are in the process of identifying and appointing a sixth Director). This represents best practice in contemporary governance, and provides assurance to yourself as Shareholder that the company has independent robust governance and risk management.

I believe that a reduction in the number of Directors, or a significant change in the overall mix of Board experience, would impact on the organisation's ability to operate business currently undertaken as effectively, and to pursue new business.

#### Financial Benefits to State

SGPL is a positive funds contributor to the state. Our independent Board, with a range of commercial experience, ensures maximum contributions to the State through targeted profitability. The SGPL Board focus is on providing maximum financial return to the Shareholder, while managing risk to ensure a balance of security against business growth and returns

In addition, it should be noted that Directors fees are not paid for out of State funds, but are a cost to SGPL.

#### Recommendation

In summary, I request that you recommend to the Premier that the SGPL Board is retained in its current form.

Yours faithfully,



**Dr David Cruickshanks-Boyd**  
**Chairman**