MINUTES

ANNUAL GENERAL MEETING OF
AUSTRALIAN INSTITUTE OF PROJECT MANAGEMENT
HELD ON 23 NOVEMBER 2018 AT 4:30PM (AEDT)
SUITE 2, LEVEL 23, 100 MILLER STREET, NORTH SYDNEY, NSW

ATTENDEES:
19 AIPM Members attended in person - refer signed register at Attachment 1.
26 AIPM Members attended via webinar - refer online attendee report at Attachment 2.

APOLOGIES:
David McGuire
Lynette Pinder
Ian Sharpe
Maria Skillern

1. OPENING AND WELCOME
The Chair, Mr Michael King, opened the meeting at 4:30 pm and issued a cordial welcome to members present.

2. ATTENDEES
Refer Attachment 1 and Attachment 2.

3. ADMINISTRATION

3.1 Quorum & Notice of Meeting
The Company Secretary for the meeting, Mr David Chahrazian, confirmed that the required quorum of thirty (30) current members had been satisfied.

Tabled at the meeting was the Notice of Annual General Meeting distributed to members prior to the meeting, as required by the AIPM Constitution and this was taken as having been read by those present.

3.2 Minutes of Previous Meeting
Minutes of the previous AIPM Annual General Meeting of members held on 22 October 2017 were signed at the AIPM Board meeting held on 2 December 2017, as a true and correct record of that meeting.

4. REPORTS TO MEMBERS

4.1 CEO and Chair Report on behalf of the Board
The Chair referred the meeting to the AIPM Annual Report and provided a précis of the major achievements of the Institute during the financial year ended 30 June 2018. This was an extract from the CEO and Chair Report. Mr King highlighted the Board’s desire to further evolve AIPM’s culture and concluded by thanking the AIPM team.

4.2 Financial Report
The Chair then handed over to Mr Mark Patch, the Chair of AIPM’s Audit & Risk Committee of the Board, to address the 2018 Financial Report. Mr Patch noted that a major pillar of our 2020 Strategic Plan was to better engage with organisations. This
year the Board took a bold decision, given AIPM's financial position, to strategically invest in the future. The Board sanctioned investment in new products and services and a new organisational model to deliver on this vision.

On the back of this move, AIPM achieved an overall growth in revenue from operating activities of $4,917,652 for the 2018 financial year, compared to $4,757,980 in 2017. This was the largest revenue figure in recent history. However, AIPM posted a deficit before income tax of $90,593 for the 2018 financial year (2017: deficit $178,382), consequently Total Members’ Funds at year end was a negative $209,183 (2017: negative $118,590).

AIPM achieved positive net cash flows from operating activities for the year of $3,395 (2017: $405,828). Importantly, the net cash flows used in investing activities for the year was $311,671 (2017: $32,967). This was largely due to the investment in developing and launching new products and services.

This extensive engagement has more than validated the new approach and has reinforced AIPM’s message to organisations that they need to hire and build their pool of practising project professionals.

Overall, AIPM has taken a bold move to lead a revenue-based recovery, with limited but strategic investment and a “constant eye on costs”.

4.3 Questions from Members formally requested in the AGM Notice prior to the meeting

The Chair noted that, as requested in the Notice to the Meeting, a number of members had provided questions prior to the meeting.

The response to each of these questions was as follows:

1. Handling Conflicts of Interest on the AIPM Board - Lachlan Waite (QLD)

Ms Nicole Nader noted that the AIPM Board has always had practising Assessors as Directors. Directors that may be conflicted have excluded themselves from any decision-making issues where there may be a conflict and this has been the practice.

The Board has established an Executive Pricing Committee to preclude any issues of conflict on pricing of AIPM services.

The Board understands that perception is important, as well as practice, and has been actively working to strengthen all governance practices, including those surrounding conflicts of interest. This is evidenced by the recent appointment of two independent Directors to the Board.

The Board has developed a Conflicts of Interest policy, that applies to all AIPM Directors. A final draft was approved at the 23 November 2018 Board meeting. This policy mandates that no future Director will undertake services for any benefit.

Two Assessor Directors, Leh Simonelli and Mark Patch, have retired. One Director, Michael Young, has actively resigned as an Assessor.

Trevor Alex is the only Director on the Board that remains as an Assessor. The Board has grandfathered Trevor Alex to continue as an Assessor until the end of his current term.
2. **AIPM Internal Diversity & Inclusion - Osnat Oren (ACT)**

Ms Elena Zagorenske noted that, like many technical member associations, the challenge to move to greater diversity and inclusion remains but is also a very clear opportunity. One of AIPM’s Cultural Values that the Board has endorsed is Diversity by Default – we are consciously inclusive of all people, ideas, approaches, embracing change and diverse perspectives.

Our Diversity & Inclusion Strategy document will be released more broadly as part of our evolving the culture of AIPM as the AIPM Board view is that we need to change AIPM’s culture to continue to be responsive to all our stakeholders and actively build on our diversity and inclusion aspiration. The Diversity & Inclusion Strategy document addresses a number of initiatives AIPM will be initiating to further promote diversity and inclusion.

Overall female membership is now at 21% female representation, which is a substantial increase of 2% over the previous year. AIPM has set an ambitious target of 25% by end of 2020.

From an internal AIPM perspective we are improving our gender balance:

<table>
<thead>
<tr>
<th>Cohort</th>
<th>2018</th>
<th>%</th>
<th>2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIPM Board</td>
<td>3 of 8</td>
<td>38%</td>
<td>1 of 8</td>
<td>13%</td>
</tr>
<tr>
<td>Leadership</td>
<td>6 of 9</td>
<td>67%</td>
<td>3 of 6</td>
<td>50%</td>
</tr>
<tr>
<td>Staff</td>
<td>19 of 22</td>
<td>86%</td>
<td>18 of 21</td>
<td>86%</td>
</tr>
<tr>
<td>Congress</td>
<td>3 of 16</td>
<td>19%</td>
<td>3 of 16</td>
<td>19%</td>
</tr>
<tr>
<td>Councils</td>
<td>23 of 80</td>
<td>29%</td>
<td>22 of 92</td>
<td>24%</td>
</tr>
<tr>
<td>Assessors</td>
<td>12 of 45</td>
<td>27%</td>
<td>12 of 50%</td>
<td>24%</td>
</tr>
<tr>
<td>Membership</td>
<td>1,658 of 7,895</td>
<td>21%</td>
<td>1,781 of 9,136</td>
<td>19%</td>
</tr>
</tbody>
</table>

3. **Employee Expenses - Choong Han Chu (TAS) and Maria Skillern (TAS)**

**Ratio of Employee Expenses to Revenue**

Mr Mark Patch noted that a key expense of any membership organisation is employee costs. This is usually the largest expense item. The benchmark ratio for membership associations is Employee Expense over Total Revenue which for AIPM is 44%. This is within the benchmark per the Associations Forum key ratio benchmark of between 41% - 52%.

Our total employee expenses have risen by 4% year on year, even with one additional staff member engaged.

**Negative amount for Annual Leave Expense**

Mr David Chadrozius noted that the negative $1,596 is the downward movement in the Annual Leave Entitlements Provision from $104,769 in 2017 to $103,174 in 2018. The decrease in provision was due to two long serving employees departing AIPM.

4. **AIPM IPMA Relationship & Ongoing Financial Commitment - Keith O’Shea (WA)**

Mr Trevor Alex noted that the fees paid to IPMA are based on the number of certifications completed throughout the financial year.

The following is for additional information:

*Our IPMA expenses fall into two categories:

a. IPMA Membership (including associated travel and accommodation costs)

  In early 2018, the Board and Executive reviewed AIPM’s continuing*
membership with IPMA. As a result, AIPM asked for, and received, a reduced IPMA membership fee.
AIPM and IPMA representatives undertook a workshop in August 2018 which culminated in several recommendations which have been agreed to by both parties. The overall saving to AIPM moving forward will be substantial.
The FY18 IPMA membership fees (and associated travel and accommodation costs) which are taken up in the AIPM accounts are not deemed material. As such, they have not been separately disclosed.
b. IPMA Certification
AIPM pays IPMA €47 - €86 (A$74 - A$135) per successful IPMA certification dependent on the IPMA certification level. This fee is to register successful candidates on the IPMA database. This is the current IPMA recommended retail price. For primary and transition certifications AIPM pays our assessors governing rates for the assessment.
In FY18 we undertook 17 primary and 25 transition certifications. The review of our relationship with IPMA has also prompted an assessment of our future requirement for AICB.

5. Membership Decline - Choong Han Chu (TAS), Maria Skillern (TAS) and James Bawtree (NSW)
Mr Andrew Madry noted that the two biggest factors, based on member feedback, in Member Loss are:
• Perceived lack of member value; and
• Ongoing employer support.
Strategies to address membership decline:
a. Member Engagement Strategy
We are aiming for five (5) Touch Points with each Member each year.
1. Two free events for all members – Roadshow 783 (9.6% of membership) and International Project Management Day.
2. Improvement and take-up in our events portfolio, with 9,046 attendees at 172 Chapter events and our revamped webinar series attracting 1,206 participants alone.
3. Formal Mentoring Program now supported by organisational partners.
5. Increased take-up of our key offerings including certification.
b. Organisation Support of employees
Another critical factor in member retention is the financial and career support from employers. Our approach to engage and partner with organisations is key to both growing the pool of members and gaining their employer support to sponsor members, both financially and in their professional development.
Although early days, we have seen tangible evidence of the strategy at work, with 635 memberships sold to the 4 current Organisation Partners (above their current member numbers) and a formal commitment from Organisations to support their ongoing employee development.
6. **New Members in FY18 - Varoujan Bedrossian (NSW)**

Mr Michael King noted that AIPM has had a significant loss in members during the financial year and we mentioned how we are addressing this:

- To appreciate the size of this loss, we need to break down membership into its two components, new members and renewals. The good news is that our membership grew at some 1,546 new members during the year, or 17%. This would be the envy of most membership organisations.
- The organisation has, however, lost 2,553 members during the year. The 2,553 lapsed members equates to 28% of our membership.
- This leaves a Net Loss in members of 1,007, or 11% during the financial year.

<table>
<thead>
<tr>
<th>FY18</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Members</td>
<td>1,546</td>
<td>17%</td>
</tr>
<tr>
<td>Member Retirement and Lapses</td>
<td>(2,553)</td>
<td>(28%)</td>
</tr>
<tr>
<td><strong>Net Loss</strong></td>
<td>(1,007)</td>
<td>(11%)</td>
</tr>
</tbody>
</table>

7. **CPD Points for PMAA Attendance - James Bawtree (NSW)**

Mr Michael Young noted that maintaining Continuing Professional Development (CPD) is an important, tangible evidence of an individual’s commitment to maintaining their currency and their professional development. AIPM has made a distinction between development and social events to give due credibility to its CPD system.

Where events cover both development and social components, we attribute clear division in points to each, as we did with the South Australian showcase that also had the PMAAs attached. Currently, the PMAA, although an important spotlight for AIPM and the profession, is deemed to be, overall, a social event.

8. **2017 Conference Financial Results - Maria Skillern (TAS)**

Mr David Chahrozian noted that the 2017 Conference in Melbourne was a success, achieving a total financial surplus of $214,000, which was $51,000 favourable to budget.

<table>
<thead>
<tr>
<th>2017</th>
<th>Actual $’000</th>
<th>Budget $’000</th>
<th>Variance $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>735</td>
<td>730</td>
<td>5</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>102</td>
<td>162</td>
<td>(60)</td>
</tr>
<tr>
<td>Expenses</td>
<td>(623)</td>
<td>(829)</td>
<td>206</td>
</tr>
<tr>
<td><strong>Net Result</strong></td>
<td>214</td>
<td>63</td>
<td>151</td>
</tr>
</tbody>
</table>

9. **Premises move Impact on Financial Results - Maria Skillern (TAS)**

Mr Andrew Madry noted that AIPM moved its head office from Sydney CBD to North Sydney in November 2017. AIPM had been in its Macquarie Street offices since 2010 and recent growth in staff numbers meant that AIPM was completely out of seating and meeting rooms. After an extensive search, there was no appropriate, affordable space at an increased size identified in the Sydney CBD. So, it was decided to relocate to North Sydney.

AIPM is paying $23k more per annum for our North Sydney premises. The move has
provided an additional 75sqm (nearly double the floor plate) with improved conditions, with full fit-out (the recent tenants leaving their entire $200k fit-out behind). AIPM would have incurred a significant amount to refurbish Macquarie Street, or any other premises that were not fitted out, with estimates over $200k or depreciation of $33k per annum.

Ultimately, AIPM is in a better, larger office without any further financial impost.

10. Increase in Trade Receivables - Maria Skillem (TAS)

Mr David Chahrozan noted that the introduction of Organisational Packages has required AIPM to also review its credit terms to organisations. The increase in the year-end balance in Trade Receivables can be directly linked to the new packages. An amount of $121,000 relates to these new packages. We note that no memberships or services are supplied until the organisation has fully paid for their package.

4.4 Questions from the Floor and Online

The meeting was opened for comments and questions from the floor and online on the 2018 Annual Report.

Questions were taken from the floor and online, including:

- Does AIPM have committees for key business areas? If so, what are those committees? - Varoujan Bedrossian (NSW)
  
  Mr Andrew Madry noted that AIPM has multiple committees.
  
  Two new Organisational Member groups are:
  
  o Industry Leaders; and
  o Advisory Group.
  
  Mr Trevor Alex noted that AIPM has a number of Board Committees aligned to its Strategic Plan. These include:
  
  o Governance & Ethics
  o Audit & Risk
  o National Conference
  o Professional Advancement
  o International
  o Information, Innovation & Influence
  o Chapter Congress

- How can RegPM get sufficient recognition from all building & construction authorities across Australia when we apply for our licence such as builder licence or any other relevant licences? - Ke Chen (VIC)

  Mr Michael Young noted that the licensing and regulation of occupations is separately covered by each state government. The trend over the last five years across Australia has been a reduction in regulation around licensing, in favour of industry-based accreditations, rather than formal, government-directed, occupational licencing.
Page 77 of the Annual Report states: “The financial statements are prepared on a going concern basis as the group’s cash flow forecast indicates it will remain cash positive until 4 September 2019. Included in the forecast is the acquisition of new organisational members ($432,000), the sale of new organisational maturity assessments ($227,000), and the roll out of new professional development masterclasses ($74,000). The Directors believe the group will be successful in the activities noted above. The ability of the group to continue as a going concern for the foreseeable future is dependent on the abovementioned activities. These conditions give rise to a material uncertainty which may cast significant doubt over the group’s ability to continue as a going concern.” Please comment on this. Is it not high risk to rely on a small portfolio of new services to remain a going concern? - Rebecca Greenwood (TAS)

Mr David Chahrozian noted that as at November 2018 AIPM is on track to achieve its revenue budget (target) of $432,000 from the acquisition of new organisational members (1 premium partner, 5 partners and 26 members). The following slide was used to demonstrate this:

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Mr Mark Patch restated what was mentioned in his presentation earlier that, as at October 2018, the new organisation packages have generated an extra $337K to AIPM’s cash flow in comparison to the previous year, as depicted in the following slide:
Mr Michael Young stated that AIPM had recently developed and piloted a new organisational maturity assessment. We are taking lessons learned from that process and updating the procedural elements within the organisational maturity assessment. Currently, there are 12 organisations across Australia that have indicated they wish to proceed with an organisational maturity assessment. Once the organisational maturity assessment has been refined, it will be rolled out to those organisations. This pipeline of organisations gives us a good indication that AIPM can achieve its revenue budget (target) of $227,000 from 15 new organisational maturity assessments.

Mr Michael Young stated that the first masterclass to be rolled out will be in relation to project sponsorship. AIPM has recently released a standard for Certified Project Sponsors and it is currently in the process of engaging with organisations around the project sponsorship masterclass. There are a number of firms, particularly in the legal profession, that have a high level of interest in the project sponsorship masterclass. We currently in the process of securing dates and locations with those organisations to deliver these masterclasses.
• **Is there a strategy for AIPM to distinguish itself and its accreditation from similar institutes such as EA and even PMP?** - Sadra Sarraf (QLD)
  Mr Michael Young stated that AIPM currently has 6 certification products in the market being:
  - CPPP
  - CPPM
  - CPSPM
  - CPPD
  - CPPE
  - CPPS
  AIPM also offers various levels of IPMA certification which is recognised internationally.
  In relation to Engineers Australia and other institutes, AIPM recognises accreditations by different organisations within our CPPP certification. For example, if an individual already holds PMP, Prince 2, or MSP, we have a recognition process at the CPPP level. AIPM is also exploring opportunities to collaborate with different organisations where we can obtain some mutual recognition or benefit.

• **When will the role of CEO be filled?** - Rebecca Greenwood (TAS)
  Mr Michael King stated that AIPM is currently entering the final negotiations for the role of CEO and that an announcement would be made to our members in the near future.

5. **BOARD COMPOSITION**

The Chair noted that, under the Constitution approved at the AGM of members held on 12 October 2015 and associated Transition Plan, the process for Board succession and renewal had been outlined.

Pursuant to Clause 34 of the Constitution the Board has appointed two (2) Independent Directors. Their appointment involved the placement of our requirements on the AICD Directors Jobs Board, in response to which we received over 30 applicants. A Board panel selection and interview process determined the two successful candidates and we are pleased to announce that Lynette Pinder and Nigel Hennessy have joined the Board.

Separately, the AIPM Chapter Congress has elected one (1) Director under Clause 33 of the Constitution and announced that Elena Zagorenko will be joining the Board as the Congress Elected Director. Elena was previously the President of the South Australian Chapter.

The process to elect one (1) Generally Elected director per Clause 32 of the Constitution was undertaken and the Chair announced that Nicole Nader had been re-elected to the Board.

He congratulated all the new Board appointees and the reappointment of Nicole Nader.
The Board Members for the upcoming year will be:
- Mr Trevor Alex - Generally Elected Director
- Mr Michael Young - Generally Elected Director
- Ms Nicole Nader - Generally Elected Director
- Mr David McGuire - Congress Elected Director
- Mr Michael King - Congress Elected Director
- Ms Elena Zagorenko - Congress Elected Director
- Ms Lynette Pinder - Independent Director
- Mr Nigel Hennessy - Independent Director

6. THANK THE DEPARTING DIRECTORS
The Chair acknowledged the contribution and commitment of our retiring Board members:
- Mr Leh Simonelli, who stepped down as Chair in July 2018 and retired from the Board in October 2018, and
- Mr Mark Patch, who retires following this meeting.

We thank Leh and Mark for their significant contribution to the AIPM and the PM profession.

7. GENERAL BUSINESS
Mr King noted that there were no other items of business on notice received prior to this meeting.

8. MEETING CLOSE
The Chair noted that there was no further business, he thanked everyone for attending the meeting and formally closed the meeting at 5:25pm.