

Governance Directions

Journal of Governance Institute of Australia Ltd

vol.77 no.7 August 2025

Reinforce, not retreat: Why governance matters in a humanitarian crisis

by Lee Stewart, CEO, ESG Strategy

2

A very American AI Action Plan

by Daniel Popovski, Senior Policy and Advocacy Advisor and AI Lead

4

Navigating the new landscape of ESG and sustainability reporting in Australia

by Laura Reed, Principal Governance & Transparency, Edge Impact

7



In this issue:

Feature articles

Governance in practice: Reinforce, not retreat: Why governance matters in a humanitarian crisis	2
AI: A very American AI action plan	4
ESG: Navigating the new landscape of ESG and sustainability reporting in Australia	7
ESG: When the map is not the territory: Rethinking national environmental governance	13

Regulars

Acting for you	18
AI: Governance and AI: Why human capability matters more than ever	22

Publisher

Governance Institute of Australia Ltd

National office

Level 7, Suite 7.03
60 Carrington Street
SYDNEY NSW 2000

GPO Box 1594
SYDNEY NSW 2001

T (02) 9223 5744

E info@governanceinstitute.com.au

W governanceinstitute.com.au

Editorial office

Samantha Rode, Marketing Manager
T (02) 8227 5938

Advertising queries

Maryanne Brogan, Interim General
Manager, Business Development & Sales
T (02) 8227 5922

Designer

Voltaire Corpuz

Submissions

Members of Governance Institute and others are welcome to submit articles for consideration. Please contact the editorial office for details and guidelines.

Disclaimer

All expressions of opinion in this journal are published on the basis that they are not to be regarded as expressing the official opinion of Governance Institute of Australia, unless expressly so stated.

Governance Institute of Australia, authors and all persons involved in the preparation and distribution of this journal, are not thereby giving legal, accounting or other professional advice and hence do not accept any responsibility for the accuracy of any of the opinions or information contained in the journal.

Readers should not act or refrain from acting on the basis of opinions or information without first taking appropriate professional advice in respect of their own particular circumstances.

Governance Institute of Australia does not accept any liability to advertisers for the publication of advertisements which may be held to be contrary to law.

Material published in *Governance Directions* is copyright and may not be reproduced without permission.

EISSN 2203-4757

Reinforce, not retreat: Why governance matters in a humanitarian crisis



As the global humanitarian landscape shifts under the weight of conflict, displacement and disaster, governance is no longer a behind-the-scenes function.

As the global humanitarian landscape shifts under the weight of conflict, displacement and disaster, governance is no longer a behind-the-scenes function.

Good governance is a moral compass, a mechanism for accountability, and a call to action.

Ahead of the Governance Institute of Australia's 2025 National Conference, Katrina Penney, Executive Director of Médecins Sans Frontières (MSF) Australia, offered a candid insight into the challenges facing the humanitarian sector.

From funding cuts to rising global displacement, she described a system under immense strain.

"Humanitarian needs are greater than ever in a world which is increasingly fractured by war and by displacement and disaster," Penney said.

"What affects our partners also affects us and of course most importantly affects the patients and the people on the ground that we're trying to work with."

While MSF does not accept government funding, Penney made it clear that this doesn't shield them from the ripple effects.

"We're lucky in that respect. However, that doesn't mean to say that we're not affected by these funding cuts because we are part of this big aid ecosystem."

She cited a harrowing example from South Africa.

"There's a partner... prior to these cuts, which basically decimated them overnight, they were providing care to adolescents... Over 10 million adolescents... providing prevention of sexual violence, reproductive health care, HIV support and family planning. So overnight the service was taken away from them."

Crisis zones like Sudan and Gaza illustrate the impact.

"In Sudan, there are mass atrocities... especially around the El Fasher region," Penney said.

"MSF teams on the ground are witnessing looting, they're witnessing mass killings, sexual violence, abductions, starvation... attacks on healthcare facilities."

In Gaza, she continued, "There is now no fully functioning hospital in the Gaza Strip... people lack or do not have access to food, they don't have access to water, to medicines, to fuel and to shelter... children have been overwhelmingly picked up or suffering in this conflict and in Gaza specifically they are being decimated and this is... this is just not OK."

The misuse of aid as a political tool is a growing concern.

"Many government aid bodies that were once independent are now being absorbed into political agendas... aid is being used far more to serve geopolitical interests as opposed to the real needs of the people who are most vulnerable."

Despite rising risk, Penney remains grounded in the mission. When asked what she would say to a doctor considering working with MSF, she responded, "Yeah, it's riskier for sure. But there's a lot more to the story than the risk... Our work goes beyond clinical care... We are problem solvers... We do need people. MSF work does demand courage, clarity and adaptability."

She emphasised that now is not the time to retreat.

"We are far more than just nurses, doctors, health professionals, support staff. Our voice matters and we need to be able to exercise that voice. So now it's time not to retreat. Time to stand up."

As global headwinds continue to threaten hard-won progress in health, governance and aid, Penney called for a renewed commitment to shared values.

"We need to reinforce, not retreat. We need to reinforce our shared responsibility to protect human life and dignity."

Material published in *Governance Directions* is copyright and may not be reproduced without permission.

A very American AI action plan

Lessons from America's plan to win the global AI race.

By Daniel Popovski, Senior Policy and Advocacy Advisor and AI Lead



America's freshly minted AI Action Plan is predictably bold, brash and libertarian in its approach. The plan comes with a dose of rhetorical posturing based on the self-proclaimed need for the US to maintain 'global technological dominance' promising to '*build, baby, build*' when it comes to AI infrastructure.

However, a few layers deep and key themes start to emerge as essential policy foundations that Australia and similar jurisdictions should be grappling with now ahead of AI's widespread adoption and use.

The Plan identifies over 90 federal policy actions across three pillars – Accelerating Innovation, Building American AI Infrastructure, and Leading in International Diplomacy and Security – and serve as a timely reminder of the forward thinking required to deliver on the potential broad scale benefits of AI adoption and deployment in the workplace.

There is no global consensus on how, if at all, the technology should or could be effectively regulated. The US administration argues that early regulation risks locking in incumbents and slowing innovation. Instead, it calls for deregulation to boost private-sector development and views current safety and ethics efforts as barriers to progress.

Australia has taken a similar approach however, there has been a more emphatic emphasise with the release of the [Voluntary AI Standards](#) on the need for appropriate governance processes to support organisations in their safe, responsible and ethical adoption and deployment of AI technologies.

The effects of unregulated AI software may have substantial implications for those implementing the technology within organisations and public agencies. As a technology adopter, Australia's uptake of off-the-shelf AI products without appropriate governance frameworks in place may risk triggering significant practical implementation issues.

Directors under director duty provisions must carefully consider the impact of privacy, IP and data use, consumer protection, cyber security, work health and safety and anti-discrimination laws. These risks may be further amplified by commercial, reputational and regulatory breaches that can exacerbate losses to an organisation that is carelessly or improperly adopting AI at scale.¹

In a recent survey study in partnership with the National AI Centre (NAIC), we found that 90 per cent of survey respondents reported AI use in their organisation, with almost half receiving no training on AI and 45 per cent not planning to in the next 12 months.²

Without effective governance training across Australian workplaces, AI adoption of US-made AI software may risk reputational, commercial and regulatory harms as the technology may lack holistic 'secure-by-design' AI technologies. The US AI plan suggests that this can be effectively managed through refinements to the Responsible AI and Gen AI Frameworks, Roadmaps and Toolkits and the NIST Framework.³

Australia has been heavily focused on the skills required for the effective adoption and deployment of AI in corporate workplaces, but the emerging need to support AI infrastructure and the amount of energy demanded by data centres, has yet to be contemplated by Australian policy makers. The International Energy Agency projects that electricity demand from data centres worldwide is set to more than double by 2030 to around 945 terawatt-hours (TWh), slightly more than the entire electricity consumption of Japan today.⁴

The US AI Action Plan acknowledges that the bottleneck to harnessing AI's full potential lies not in the availability of models, tools, or applications. Rather, it stems from the limited and slow adoption of AI, particularly within large, established organisations. The US plans to lead a coordinated Federal effort to support a 'try-first' culture for AI across industry by establishing regulatory sandboxes or AI Centres of Excellence where researchers, startups and established enterprises can rapidly deploy and test AI tools while committing to open sharing of data and results.⁵

AI skills will be needed beyond the board room and office environment to support the necessary AI infrastructure including the construction and maintenance of data centres. The US AI Plan acknowledges the significant energy demands that will be placed on powering America's AI future. This includes significant investment in the workforce that will build, operate and maintain AI infrastructure, such as electricians, advanced HVAC technicians and a host of high-paying occupations. Australia's energy grid is already beginning to show pressure points as it presses forward with its large scale rollout of renewable energy projects in the regions in order to meet its Paris climate target and additional energy generation for AI data centres has not come under contemplation.

The US AI Plan supports a worker-first AI agenda that empowers workers in the age of AI. This includes 'enabling employers to offer tax-free reimbursement for AI-related training and helping scale private-sector investment in AI skill development to preserve jobs for American workers'.⁶ Industrial tensions have begun to emerge domestically with peak business groups and unions beginning to find themselves in the trenches over the role AI will have in the workplace. In its response to the ACTU the AIGroup stated in a recent press release that 'the ACTU's demand for a union-led regulatory regime on AI should be given short shrift. Apart from burying industry in another layer of red tape and regulation, the proposal would stifle innovation, further undermine productivity, and rob the Australian community and economy of the benefits of changing technologies'.⁷

The US AI Action plan acknowledges ‘the need for discretionary funding, to fund rapid retraining for individuals impacted by AI-related job displacement whilst assisting states to identify eligible dislocated workers in sectors undergoing significant structural change tied to AI adoption, as well as guidance clarifying how state funds can be proactively used to upskill workers at risk of future displacement’.⁸ This insight requires industry and professional associations alongside government to rethink the potential for job augmentation and genuine worker displacement that may generate demand for a new breed of skilled workers.

There’s also an emerging need for organisations to effectively evaluate how AI is performing and the reliability of AI systems. The US Action Plan acknowledges that ‘rigorous evaluations can be a critical tool in defining and measuring AI reliability and performance in regulated industries. Over time, regulators should explore the use of evaluations in their application of existing law to AI systems’.⁹ The need to effectively evaluate the performance of AI systems in the workplace is essential to a sound governance and risk management framework.

The US AI plan also proposes to support investment in the development of AI testbeds for piloting AI systems in secure, real-world settings, allowing researchers to prototype new AI systems and translate them into market. In our submissions to government inquiries, on creating a more dynamic and resilient economy to the Productivity Commission and Economic reform roundtable to Treasury, Governance Institute proposed the creation of a safe harbour defence or enhanced regulatory sandbox for Australian AI developers and deployers to promote the safe and ethical use of AI in controlled environments.¹⁰ We also advocated for a government-backed benchmarking tool to support the approval of AI products, through compliant-by-design AI approvals processes that measure and assesses the safe and ethical design elements of new-to-market AI systems.¹¹

Governance Institute’s strategic partnership with the National AI Centre (NAIC) is based on a shared mission to uplift AI skills in the workplace with the aim of supporting productivity uplift and AI governance excellence within organisations. However, as the US AI Action Plan reminds us, there is more to do outside the boardroom and corporate environment to truly enable the effective deployment and adoption of AI across the economy.

Commonwealth government investment per business over the next five years is not aligned with similar jurisdictions such as Canada and Singapore where government investment exceeded \$2.7 billion and \$5 billion respectively.¹² The Commonwealth Government should consider further expansion of and investment in the NAIC to support successful AI governance and deployment training and strategic partnership programs. This will help to support the continuation of an existing successful partnership where Governance Institute members have demonstrated a strong demand for co-designed training programs, workshops, guides and supporting services.

The government’s emerging challenge will be to consider how it will effectively balance the needs of innovative AI products being developed and used in Australia whilst protecting workers and buoying the impacts of worker displacement.

Material published in *Governance Directions* is copyright and may not be reproduced without permission.

Navigating the new landscape of ESG and sustainability reporting in Australia

(Sponsored content)

By Elizabeth Ploetz, Manager – ESG & Climate Services, RSM Australia



The introduction of the Australian Sustainability Reporting Standards (ASRS) marks a significant evolution in corporate reporting. This article explores the implications of mandatory climate-related reporting, the structure and scope of AASB S1 and S2, with a focus on S2 specifically, and the strategic and operational challenges organisations face in aligning with these standards. It also considers the future trajectory of sustainability reporting in Australia, including biodiversity disclosures and the broader implications for governance, risk management, and transparency.

Introduction

ESG considerations have become central to corporate strategy, risk management, and stakeholder engagement. In Australia, the regulatory landscape is undergoing a transformation with the introduction of the Australian Sustainability Reporting Standards (ASRS). Developed by the Australian Accounting Standards Board (AASB), the two foundational sustainability standards, AASB S1 and AASB S2, are aligned with the International Sustainability Standards Board's (ISSB) IFRS S1 and S2 and represent a shift from voluntary sustainability reporting to a mandatory, legally enforceable framework.

The AASB S2: Climate-related Disclosures Standard, a mandatory standard being phased in over the next three years, introduces a structured approach to climate-related financial disclosures, requiring organisations to report on governance, strategy, risk management, and metrics and targets. These disclosures are designed to provide consistent, comparable, and decision-useful information to investors and other stakeholders, which in turn enhances market transparency and strengthens corporate accountability.

With sustainability reporting having once been voluntary and the domain of sustainability teams or personnel, the new regulatory landscape means that reporting is now becoming a whole-of-business responsibility. Climate reporting will require input and coordination across finance, risk, legal, governance and operational teams and embedding climate considerations into strategic and business planning and decision-making.

The regulatory framework

AASB S1 and S2: Scope and Structure

AASB S1 outlines general requirements for sustainability-related disclosures, while AASB S2 focuses specifically on climate-related disclosures. Both standards are built around four key pillars:

1. **Governance** – Disclosure of the governance structures responsible for oversight and management of climate-related risks and opportunities.
2. **Strategy** – Identification of material climate-related risks and opportunities and their impact on an organisation’s business model, financial position, performance, cash flows and value chain.
3. **Risk Management** – Description of processes for identifying, assessing, and managing climate-related risks and opportunities.
4. **Metrics and Targets** – Disclosure of climate-related metrics and targets along with the process used to set targets and monitor them.

Not only do these pillars provide a consistent framework for organisations to report but to integrate climate considerations into their core decision-making processes.

Reporting cohorts and timelines

At this stage, AASB S1 is a voluntary standard for adoption, whereas AASB S2 is mandatory. Recognising the time required to prepare for reporting in accordance with AASB S2, the Australian Government is taking a phased approach to implementation. To enable the phased implementation, entities have been grouped into three reporting cohorts based on size and economic significance.

- **Group 1:** Entities with ≥500 employees, ≥\$1 billion in gross assets, or ≥\$500 million in annual revenue, or those above the National Greenhouse and Energy Reporting (NGER) publication threshold.
- **Group 2:** Entities with 250–500 employees, \$500 million–\$1 billion in assets, or \$200–\$500 million in revenue.
- **Group 3:** Entities with 100–250 employees, \$25–\$500 million in assets, or \$50–\$200 million in revenue.

For Group 1, reporting will commence from 2025 and Groups 2 and 3 will follow with their first climate statements being required for FY26 and FY26, respectively. Alongside the reporting timelines, assurance requirements are being introduced in stages – meaning organisations won’t just be reporting climate-related financial information but will also need to prepare for their disclosures to be independently assured. This adds an additional layer of scrutiny and reinforces the need for robust data, governance processes and internal accountability.

Similar to the reporting requirements, assurance will take a phased approach. In the first year of reporting, only specified disclosures will be subject to a limited level of assurance, however, this will expand to limited assurance on all disclosures in year two and then ultimately all disclosures will be subject to reasonable assurance in future reporting years. The timelines for assurance are detailed under AUASB standard ASSA 5010 Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001.

Commonwealth entities and public sector reporting

While the AASB S1 and S2 standards are applicable only to those organisations required to report under Chapter 2M of the Corporations Act 2001, the public sector is aligning in their expectations with respect to climate reporting with the Commonwealth Department of Finance having also developed the Commonwealth Climate Disclosure Policy. This Policy will apply to Commonwealth entities and companies and require them to report on their exposure to climate risks and opportunities and actions being taken to manage them.

Under the Policy, there are two streams of reporting:

- **Stream 1:** Commonwealth companies required to report under Section 292A of the Corporations Act must comply with AASB S2.
- **Stream 2:** All other Commonwealth entities will follow a phased approach over five years, including pilot and simplified reporting tranches

This approach ensures that public sector entities are also held to high standards of climate-related disclosure, reinforcing the government's commitment to transparency and accountability.

While the mandatory reporting requirements will initially apply to entities captured under the Corporations Act and the Commonwealth Government's Climate Disclosure Policy, the implications extend well beyond those directly subject to the regime. Organisations within the value or supply chains of Group 1 and 2 reporters are likely to experience indirect impacts, particularly through increased requests for climate-related information such as emissions data and information on their climate risks, opportunities and any action being taken. As a result, it is important that these organisations too, begin preparing for such requests, even if they are not directly subject to the reporting requirements themselves.

What disclosures are required under AASB S2 and how can your organisation prepare?

Under AASB S2, organisations will be required to disclose:

Governance

Organisations must outline the governance structures that are in place to oversee climate-related risks and opportunities and the responsibilities for the management of risks and opportunities.

To ensure adequate oversight and management organisations should consider whether current structures and responsibilities cover climate considerations or whether additional responsibilities need to be assigned and relevant charters, or position descriptions revised. Clear documentation and communication of these structures are essential for compliance and effective risk management.

Strategy

Disclosures must address material climate-related risks and opportunities, their impact on the business model, financial position and performance and the organisation's climate transition plan. Scenario analysis is also required to assess resilience under different climate futures. Finally, details of how the organisation integrates these insights into strategic planning and capital allocation decisions will need to be disclosed.

The starting point to understanding the impacts of climate-related risks and opportunities on your business is conducting a comprehensive climate risk and opportunity assessment, which includes scenario analysis. Noting that under the Corporations Act there are two required scenarios that need to be included within this process. From here, organisations can take this information and utilise it in strategic decision-making and planning processes.

Risk Management

The disclosures under the Risk Management pillar require entities to detail the processes established to identify, assess, prioritise, manage and monitor climate-related risks and opportunities. Information as to the integration of these processes into a company's overarching risk management process must also be outlined.

To ensure that appropriate disclosures can be made in relation to risk management, entities should have documented processes for climate-risk and opportunity identification, assessment and management and must consider how their broader enterprise risk management framework and processes addresses climate risk and if and how the processes have informed the climate-related risk assessments.

Metrics and Targets

Organisations must disclose Scope 1 and 2 emissions, and eventually Scope 3, along with targets and progress tracking mechanisms. Methodologies for internal carbon pricing and capital allocation toward climate initiatives must also be documented and disclosed. Again, ensuring that processes, methodologies and calculations are clearly and formally documented will enable adequate disclosures, it will also ensure traceability and an audit trail for when assurance is required.

Broader outcomes and strategic value

With this shift in the requirements for corporate reporting, comes increased information on organisations' strategic and longer-term outlooks and how they are responding to the transition to a lower carbon economy, which will have several implications.

1. Enhanced transparency and comparability, and increased accountability

Mandatory climate reporting will enhance transparency across the market, thereby increasing accountability and scrutiny on entities reporting.

Standardising information to be reported gives stakeholders the ability to more easily assess and compare organisations and their performance and resilience with respect to climate risks and opportunities impacting their business. This will impact upon stakeholder decision making such as investment.

Reputational pressures will also mount on companies with respect to how they are demonstrating credible action with respect to addressing climate-related risks.

Opportunities to build stakeholder trust through clear and high-quality disclosure.

2. Improved risk management

Climate-related risks and opportunities should be identified, assessed and managed alongside other strategic and operational business risks, and the new reporting requirements encourages organisations to do so and embed climate into business processes and decision-making.

Understanding climate-related risks and opportunities will allow for a more robust assessment of current strategic plans and their resilience in light of future scenarios and highlight areas for innovation or development.

3. Regulatory compliance

Climate reporting has become regulatory requirement which falls under directors duties and introduces additional legal liability associated with misstatements within climate-related disclosures.

The enforceability of the regime means that companies will need to establish and maintain a strong control environment with respect to processes, data, and governance, associated with climate-related information and reporting.

Failure to comply and issues with the accuracy and completeness of disclosures will carry legal and reputational consequences.

These outcomes underscore the strategic importance of climate reporting and its role in shaping corporate behaviour and market dynamics.

Challenges in implementation

As organisations prepare for reporting, several practical challenges are presenting – particularly in relation to data availability and quality and quantification of scope 3 emissions.

With many organisations still in the process of establishing processes and systems designed to capture and manage environmental and sustainability related data, there is difficulty in obtaining both current and historical information. Often this type of information and data is not collected or sits within disparate systems and various owners from across the business. It may also not be subjected to the same level of control and review when compared to other datasets required for traditional annual corporate reporting. This impacts on the ability to obtain the required information in a timely manner and to a standard that meets assurance requirements.

As for Scope 3 emissions, data availability and quality are again an issue. Suppliers and customers may not currently track their emissions for sharing. As such, estimates are relied upon which can reduce the reliability of disclosures. Evolving methodologies and expectations for scope 3 emissions reporting means there is varied approaches and lesser comparability across organisations.

The future of sustainability reporting: Biodiversity and beyond

While climate reporting is the current focus, it is increasingly clear that broader sustainability disclosures are on the horizon. The increased rate of adoption of the Taskforce on Nature-related Financial Disclosures (TNFD) and Australia's own focus on enhancing biodiversity-related schemes signals that biodiversity-related risks and dependencies are becoming a growing areas of regulatory and stakeholder interest. Given this, it may be likely that mandated requirements for biodiversity and nature-related disclosures be introduced through expansion to the ASRS, following a similar trajectory as AASB S2.

Quantifying biodiversity is inherently more complex than carbon emissions, and the market for biodiversity credits is still developing. However, early adopters are already assessing their risks and opportunities in this area. Understanding value and supply chains will remain critical, particularly for organisations with limited direct reliance on ecosystems.

Conclusion

The ASRS represents a transformative shift in corporate reporting, embedding climate considerations into the core of governance and strategy. While challenges remain—particularly around Scope 3 emissions and data quality—early preparation and proactive engagement will position organisations for long-term success. As the regulatory landscape evolves, including potential biodiversity disclosures, understanding and managing broader sustainability-related risks and opportunities across the value chain will be essential.

Organisations that embrace this change will not only ensure compliance but also enhance their strategic resilience, stakeholder trust, and competitive advantage in a rapidly changing world.

Material published in *Governance Directions* is copyright and may not be reproduced without permission.

When the map Is not the territory: Rethinking national environmental governance

By Dr Turlough Guerin FGIA



Introduction

Australia’s flagship environmental law—the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)—was introduced with the promise of protecting our unique ecosystems while supporting sustainable development. Twenty-five years later, the evidence is damning: nature continues to decline, project approvals are mired in delay, and governance failures persist across jurisdictions. As Ken Henry argued in his July 2025 Press Club address, “the EPBC Act has done little more than record the degradation of the natural world, one project at a time.”

This article invites governance professionals to look beyond legislative mechanics to the deeper institutional failures of implementation, coordination, and cultural alignment. Drawing on the Samuel Review’s 38 recommendations, Henry’s systemic critique, and recent governance literature, I argue that the EPBC Act’s failure is not just a policy malfunction—it is a governance failure. And it is one from which directors and governance professionals must learn.

While environmental law reform remains the remit of Ministers and bureaucracies, boards and governance leaders are not bystanders. They shape how reform lands in real-world systems: through disclosure frameworks, investment mandates, internal approvals, and the alignment of governance culture with ecological realities. The message for directors is clear: we must govern beyond compliance. Just as the financial system evolved with ASIC, APRA and the ASX Corporate Governance Principles, environmental governance now demands equivalent discipline, especially with the rise of TNFD, nature markets, and expectations of climate and biodiversity accountability.

From national ambition to administrative burden: the EPBC Act’s slow decline

The EPBC Act was designed to create national consistency and elevate matters of environmental significance to federal oversight. In practice, it has become a system of fragmented approvals, burdened by narrow definitions of impact and a lack of integrated planning. Most approvals focus on site-specific activities with minimal consideration of cumulative effects, landscape-scale change, or climate risk.

The Samuel Review described the Act as “ineffective,” citing over-reliance on weak assessment pathways, lack of confidence in regulatory enforcement, and no requirement for outcomes to actually be achieved. Despite this, very few of the Review’s key recommendations have been legislated or institutionalised (Table 1). As of mid-2025, national environmental standards remain draft documents, and the proposed Environment Assurance Commissioner has not been fully empowered.

Table 1. Where the Samuel Review Focused—and Where Gaps Still Remain

Governance Area	What Samuel Proposed	What Remains Missing
National Standards	Legally binding environmental benchmarks	No agreed phase-in or enforcement roadmap
Independent Oversight	Assurance Commissioner role	Lacks teeth, clarity, and structural authority
Transparency	Open data and tracking of environmental outcomes	Weak mechanisms for community enforcement
Regional Planning	Bioregional cumulative assessment	Minimal integration with climate or land policy

The result is a law that manages activity—but not ecological strategy. It excels at measuring process, but rarely holds systems accountable for environmental outcomes.

Ken Henry’s critique: offsetting won’t rescue a failed governance model

Ken Henry’s Press Club remarks go further than technical or legislative reform. He challenges the entire institutional logic of the Act and its implementation. One key concern was how future nature restoration would be funded—“The only viable source of funding is offsetting.” This claim, while pragmatic, raises difficult governance questions. Can offset markets deliver restoration at scale? Who ensures that gains are real, permanent, and additional? And how do we prevent offsets from becoming a licence to degrade?

Henry’s broader point is more incisive: no amount of offsetting will restore nature if approvals keep entrenching environmental loss. He links the failure of environmental governance with a wider leadership deficit—warning that “following the rules” has become a substitute for exercising judgement. Governance professionals must be aware of this cultural trap: compliance cannot excuse complicity in decline.

Leadership failure versus management success: the Gorgon LNG case

One of Australia’s most heavily conditioned projects under the EPBC Act is Chevron’s Gorgon LNG project. It was approved with more than 500 environmental conditions, including a landmark

commitment to capture and store carbon emissions from its gas processing operations. Despite the scale of conditions and international attention, the CCS facility underperformed for years. Yet no serious reconsideration of the project's environmental logic occurred. This is a case where management succeeded—reports were filed, regulators engaged—but leadership failed. At no stage did corporate and government oversight bodies revisit whether the project's scale and emissions profile were compatible with Australia's decarbonisation goals—or whether such development was ever appropriate in a globally significant ecosystem.

Boards should reflect: are we managing compliance, or leading strategy? Are we producing environmental value, or just defending our legal position?

Community capacity and institutional blind spots

Another structural weakness—underscored by both the Samuel Review and Ken Henry's remarks—is the exclusion of local communities from decision-making and implementation. Despite decades of community-based natural resource management in Australia, the EPBC Act provides minimal pathways for meaningful local input, adaptive co-management, or long-term stewardship partnerships. This exclusion limits the Act's legitimacy and effectiveness. Restoration and conservation require social licence, distributed knowledge, and sustained engagement—especially as the costs of recovery shift from government to markets. Yet governance frameworks remain top-down, treating communities as consultees or data sources, not delivery partners.

The failure to engage with communities is not just a social omission—it is a strategic error. Underestimating the enabling role of civil society and local institutions diminishes the long-term success of environmental reforms. Boards and governance professionals must therefore ask:

- Does our organisation partner meaningfully with affected communities and Traditional Owners?
- Do we enable or inhibit co-governance?
- Are we investing in the relationships that will underpin restoration outcomes over decades?

Governance professionals may not write the law—but they shape how it works in practice

Reform will not be delivered by Parliament alone. It will be realised—slowly or suddenly—in procurement frameworks, supply chains, board decisions, and investment screens. This is where governance professionals have real agency. Boards influence how institutions anticipate reform, how they disclose and manage nature-related risks, and how they build cultures of environmental integrity. They also decide whether to participate in consultations, shape industry norms, and influence how reform is interpreted—faithfully or narrowly.

Table 2. Stewardship Principles to Guide Governance Readiness

Stewardship Principle	Implication for Governance
Mandate clarity	Align governance decisions with ecological purpose, not just project-level approvals.
Systemic coherence	Integrate nature risk into ESG, strategy, and capital decisions aligned with national reform expectations.
Public legitimacy	Build trust through full transparency, effective partnership, and respect for Indigenous governance roles.
Enforceability	Advocate for empowered regulation and uphold high accountability standards within your organisation.

Footnote: Principles adapted from Recommendations in the Independent Review of the EPBC Act (Samuel, 2020) and the OECD’s 2012 Recommendation on Regulatory Policy and Governance.

As I highlighted in Governance Directions (May 2025), nature-related risks are increasingly material to financial oversight and institutional resilience. The article notes that Australia’s federal budget underrepresents the systemic significance of natural capital, creating a governance blind spot. Boards must address this emerging accountability gap by incorporating nature into mainstream risk oversight, not as a sustainability add-on but as a foundational asset on which long-term value depends.

Five strategic actions for governance professionals to support environmental reform

Boards may not draft legislation, but they play a pivotal role in how reform lands in real systems—through strategy, oversight, culture, and disclosure. Proactive engagement with environmental reform is not only good governance practice—it is also enlightened self-interest. Institutions that anticipate change, build adaptive capability, and align their governance settings with emerging environmental expectations are more likely to maintain legitimacy, manage risk, and capture long-term value. The following five actions can help governance professionals strengthen institutional readiness, anticipate reform trajectories, and demonstrate leadership beyond compliance:

- Ensure your board is briefed on national environmental reform and its potential organisational impacts
- Incorporate biodiversity and nature-related risks into your strategic risk and opportunity frameworks—not just compliance registers
- Consider aligning institutional disclosures with TNFD or emerging nature accountability standards
- Engage in environmental instrument reform consultations through peak bodies, submissions, or collaborative forums
- Evaluate whether your institution’s governance culture supports stewardship or defaults to legal minimalism

Conclusion

The EPBC Act is not just a legislative failure—it is a governance challenge. It has produced more documentation than transformation, more conditions than clarity. It reveals a system where management of decline has been prioritised over leadership for renewal. For governance professionals, the lesson is clear. We may not set policy, but we do set the tone, readiness, and resilience of the institutions in which reform must take root. And when the map is no longer the territory, governance must lead the navigation.

References

Guerin, T. F. (2025). *Natural capital risk and the Federal Budget: An emerging governance gap*. *Governance Directions*, 77(5), 9–15.

Henry, K. (2025, July 16). *Our Last, Best Chance – National Environment Laws to Restore Nature and Power the Net Zero Economy*. National Press Club Address, Canberra. [article.wn.com+12files.ourcommunity.com.au+12npc.org.au+12](https://www.article.wn.com+12files.ourcommunity.com.au+12npc.org.au+12)

OECD. (2012). *Recommendation of the Council on Regulatory Policy and Governance*. OECD Legal Instruments No. OECD/LEGAL/0390.

Samuel, G. (2020). *Independent Review of the Environment Protection and Biodiversity Conservation Act 1999 – Final Report*. Commonwealth of Australia.

Dr Turlough Guerin FGIA is a non-executive director, board advisor and an Honorary Fellow at the University of Melbourne.

Acting for you, August 2025

By Catherine Maxwell FGIA FCG, General Manager, Policy & Advocacy, Governance Institute of Australia



Governance Institute Submission – Inquiry into Whistleblower Protection Authority Bill 2025

Governance Institute of Australia is a long-standing advocate for improved whistleblower protections and a sector agnostic whistleblower protection authority. We made a submission to the Senate Legal and Constitutional Affairs Committee on a Bill to introduce a whistleblower protection authority.

Our submission referred to our endorsement of the Transparency International, Griffith University and Human Rights Law Centre Draft Design Principles for a Whistleblower Protection Authority (WPA) as well as the [Federal Roadmap report](#). These principles emphasise the need for independence, comprehensive and seamless jurisdiction as well as adequate powers and resources to deal with legal actions, mediation and administrative redress. They also highlight the need for improved access to remedies, prevention of whistleblower mistreatment and enhanced support for whistleblowers through timely enforcement activities and education. We also expressed support for the intent and objectives of the proposed Bill. We consider a WPA is an important step in protecting the legal, financial and human rights interests of whistleblowers and will go a long way in correcting the disincentives for disclosure of unethical behaviour and misconduct.

Our Submission noted that the functions, powers, rights, immunities and obligations of a whistleblower commissioner should aim to support and simplify the access of protections that a whistleblower, or potential whistleblower, would seek on their own terms. The commissioner should act to assist whistleblower applicants in understanding the protections afforded to them following disclosure or potential for disclosure and should be open to receiving disclosures of wrongdoing from any person and where appropriate refer disclosures of serious misconduct to appropriate enforcement agencies for further action as and when required. The commissioner should exercise powers to monitor the way in which entities respond and deal with whistleblowing disclosures as a means of improving outcomes and have powers to investigate a whistleblower protection issue, including powers to refer and coordinate the matter to a relevant agency for further investigation.

Our Submission also referred to the absence of a timeline for the review of the Public Interest Disclosure (PID) Act that is currently under review and noted that the five-year statutory review into Whistleblower protection amendments covering private sector whistleblowers and tax-related whistleblowing in the Corporations Act is due for review by Treasury.

Governance Institute will keep members updated on this important issue.

Treasury – Economic Reform Roundtable

In advance of the Economic Reform Summit in August Treasury invited submissions on priority reforms to consider as part of the Roundtable process. They sought ideas and proposals to:

- improve productivity – for example, cutting red tape without lowering standards, leveraging technology and Artificial intelligence
- build economic resilience in the face of global uncertainty – for example, attracting investment, promoting trade and security supply chains, diversifying our industrial base and building a skilled and adaptable workforce
- strengthen budget sustainability – for example, options to improve the structural position of the budget and fund high-quality services and priorities.

In our Submission Governance Institute highlighted the importance of Artificial Intelligence (AI) as enabling technology which is increasingly combined with decision making processes to produce innovative new businesses, products and services. However, as our Submission noted the Australian business community's confidence in the adoption and integration of AI technologies is currently lagging comparator economies. We recommended that Government work with strategic partners to co-design an AI stewardship program for AI nascent entities to support trust, confidence and ethical implementation of AI across the business community. We also recommended the adoption of a safe harbour defence or enhanced regulatory sandbox for Australian AI developers and deployers to promote the safe and ethical use of AI in controlled environments. We recommended that Government consider benchmarking or approving AI products and services, through compliant-by-design AI approval checklists or through a government backed assessment of AI systems against meritorious criteria assessing the safe, ethical design of AI systems approved for Australian users.

We referred to the need for privacy reforms to strike an appropriate balance between the rights of consumers on the one hand and the ability of businesses to responsibly leverage consumer data to build innovations into new products and services on the other. We recommended the adoption of privacy reforms that provide users with greater access, control and flexibility and understanding of their privacy rights without compromising innovative products and services from the domestic market. We recommended a carve out the responsibilities for small business and not-for-profit operators from the existing *Privacy Act*, taking into consideration the useability and costs of interacting with the *Privacy Act*.

Referring to the impact of the cumulative impact and layering effect on business compliance and reporting, we recommended that the Office of Impact Analysis, Treasury and the Department of the Prime Minister and Cabinet undertake sector deep dives into the stock of regulation currently placed on Australian businesses, identifying where regulations may be duplicative, out-dated or ill-suited to regulatory objectives and statements of intent.

Our Submission highlighted that the *Corporations Act 2001* is no longer fit for purpose and shrouded in complexity and obfuscation.[1] Australia requires an agile and independent corporate and securities law reform body that can keep pace with the fast and dynamic period of change in the corporate, financial and securities markets landscape. The current approach of notional amendments and the creation of conditional exemptions creates more problems and confusion than they aim to solve. We called for the establishment of an independent, expert Corporate Law Reform Body to drive corporate, financial and securities law reform. Finally, referring to the ASIC Simplification Consultative Group we recommended Government encourage agencies to adopt Simplification Consultative Group models and regulatory initiatives grids by coordinating across regulatory agencies and operating closely with industry bodies through consultative and integrated committees (ASCG)

Governance Institute will keep members updated on this important issue.

Governance Institute Policy and Advocacy Strategy 2025-26

Governance Institute develops evidence-based policy, drawing on the fundamentals of governance excellence, to sustain and strengthen Australia's economy and society. We contribute to the development of good public policy by taking credible, pragmatic and practical solutions to government and lead by example, through constructive thought leadership publications to educate and enforce the benefits of good governance.

Over 2025-2026, our strategic policy missions and associated campaigns have the following objectives:

Objective 1 – Increasing trust and confidence in institutions – Trust in institutions is both a lever of productivity and a pre-requisite for many other productivity policy levers to work. Australia's governance environment needs to appropriately balance sound governance fundamentals promoting ethical conduct, transparency and accountability whilst continuing to increase confidence in and the integrity of our capital markets and other public institutions.

Objective 2 – Improving the productivity, competitiveness and resilience of Australia's business community – can be achieved by continuing to develop a skilled, adaptable and productive workforce.

Our Policy and Advocacy Strategy 2025- 26 is available on our [website](#).

Submissions

[Senate Legal and Constitutional Affairs Committee – Inquiry into Whistleblower Protection Authority Bill 2025 \(No. 2\), 30 June 2025](#)

[Treasury – Economic Reform Roundtable, 25 July 2025](#)

Media Releases:

[Why the 2025 Indigenous Governance Forum could transform leadership across Australia – 14 July 2025](#)

[1] <https://www.alrc.gov.au/publication/fsl-report-141/>

Material published in *Governance Directions* is copyright and may not be reproduced without permission.

Governance and AI: Why human capability matters more than ever

As AI evolves at rapid speed, organisations across Australia are working hard to keep up.



Agentic AI, which refers to tools that can plan, adapt and act with growing autonomy, is changing how decisions are made, how risks are managed and how value is created.

But the challenge is not just technical. It is human.

While much of the focus has been on data science and digital tools, what is urgently needed now is a shift in mindset.

According to the Governance Institute of Australia, governance professionals must move beyond traditional oversight and take an active role in shaping how AI is implemented and used.

“AI is no longer a future problem. It is already influencing how organisations operate,” says Governance Institute Interim CEO Katrina Horrobin.

“That means governance professionals need to be in the room, helping to guide its application and monitor its impact.”

Beyond the boardroom

Too often, AI governance is viewed as the responsibility of boards or tech teams alone.

The Governance Institute argues that this is an organisation-wide issue.

From company secretaries and compliance officers to frontline managers, every role has a part to play in ensuring AI is ethical, explainable and accountable.

“Leadership, critical thinking and ethical judgment are essential,” says Horrobin.

“AI should not replace human oversight. Nor should it be left to a small group of experts. Governance is everyone’s responsibility.”

Governance enables innovation

It is a common misconception that governance slows innovation.

The Governance Institute offers a different perspective. With the right frameworks in place, governance becomes a pathway to innovation that is safe, strategic and sustainable.

When AI aligns with organisational values, stakeholder expectations and broader social standards, it supports stronger decision-making, better efficiency and more effective risk management.

“Our goal is not to stand in the way of technology,” Horrobin says.

“Our role is to ensure it is used wisely, fairly and in a way that builds trust.”

Supporting Australia’s AI readiness

As AI capabilities accelerate, regulation is struggling to keep pace. In the absence of clear national standards, many organisations are navigating uncertainty.

That is where the Governance Institute is stepping in.

Through policy engagement, expert forums and contemporary education, the Institute is helping build Australia’s capacity to govern AI and agentic systems with clarity and confidence.

This includes equipping governance professionals with the tools to consider legal, ethical and operational risks in real time, while promoting transparency and long-term thinking.

Upskill the whole Workforce, not just the board

Technology is only one side of the equation. Equally important is the human capability to lead, question and respond.

The Governance Institute encourages taking a whole-of-organisation approach to AI readiness.

Boards should not be the only focus. Professionals across all levels need support to develop the skills required to embed AI responsibly and effectively.

Culture matters too.

Organisations that foster openness, accountability and curiosity are already ahead.

Want to take the next step?

The Governance Institute offers [in-house training](#) to help organisations strengthen their capabilities in AI governance, risk, ethics and leadership. Learn how you can empower your people and prepare for the future of governance.