

**QLDC Council
24 November 2016**

Report for Agenda Item: 10

Department: Corporate Services

Reappointment of Directors to Queenstown Airport Corporation (QAC)

Purpose

The purpose of this report is to

- a. Reappoint John Gilks as chairman of the QAC board of directors for a period of 6 months;
- b. Reappoint Grant Lilly as a director for another 3 year term; and
- c. Approve the continuation of the Governance Subcommittee ('GSC') on the same terms as the previous GSC.

Recommendation

That Council:

1. **Note** the contents of this report.
2. **Delegate** to the Mayor/Chief Executive jointly, to exercise the Council's power to vote at the 2016 Annual General Meeting of the QAC;
3. **Direct** the Mayor/Chief Executive to vote in favour of the reappointment of John Gilks as chairman of the QAC board of directors for a causal vacancy basis to 30 June 2017;
4. **Direct** the Mayor/Chief Executive to vote in favour of the reappointment of Grant Lilly as a director of the Board of QAC for a further 3 year term; and
5. **Appoint** the Mayor, a Councillor (to be nominated by Council) and the Chief Executive to continue the Governance Subcommittee previously established on the same terms.

Prepared by:



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8/11/2016

Reviewed and Authorised by:



Mike Theelen
Chief Executive

11/11/2016

Background

- 1 QAC currently has five directors sitting on its Board.
- 2 The directors are:
 - a. John Gilks, chairman (appointed October 2011)
 - b. James Hadley (appointed November 2008)
 - c. Grant Lilly (appointed November 2011)
 - d. Michael Stiassny (appointed December 2014)
 - e. Norman Thompson (appointed December 2014)
- 3 Last year the Governance Subcommittee (GSC) resolved that both Messrs Gilks and Lilly would be reappointed on a casual vacancy basis for 12 months to ensure continuity following the passing of the then CEO, Scott Paterson.
- 4 This report recommends recommending that Mr Gilks remains as chair for a further 6 month casual vacancy period to provide for guidance during a transition period in 2017 for the Board as a number of directors' terms will be up at next year's AGM (Messrs Hadley (retiring), Stiassny and Thompson) and new directors will be required.
- 5 As set out in the Appointment and Remuneration of Directors Policy 2014 (see Attachment A) it is important that the current chairperson provides for smooth transition of leadership.
- 6 The QAC constitution provides for no less than three directors and no maximum number. There is no perfect number for a board of directors, but consideration should be given to:
 - a. Ensuring the level of representation on the board covers an appropriate range of general (e.g. governance/legal and financial) and specialist (marketing and aviation) skills;
 - b. Diversity;
 - c. Adequate capacity for absences due to ill-health etc.;
 - d. Adequate capacity to govern requisite subcommittees; and
 - e. The complexity and scale of a company.
- 7 QAC is not a large organisation in terms of revenue, staff, or locations. However it operates in a highly regulated industry (both in terms of aeronautical safety and competition law issues) with numerous complex issues. Additionally, it has two very discrete businesses – aeronautical (i.e. managing planes and passengers) and non-aeronautical (which comprises property development and associated retail and commercial opportunities).
- 8 An additional consideration is the current tenure arrangements. It is likely that three of the five directors' appointments expire at the same time in 2017 at the AGM. This creates a potential difficulty in governance continuity for QAC. An approach which avoids this would be to start recruiting for replacement directors and a new chairman in early 2017 so that they could be brought on as directors whilst the current directors finish their terms and ensure a smooth transition.

- 9 When the Appointment and Remuneration of Directors Policy 2014 was adopted it also provided for the appointment of a Governance Subcommittee (GSC) comprising the Mayor, Chief Executive and a councillor. The terms of reference for the GSC are attached to this report as Attachment B. As the previous term of Council has expired, for the subcommittee to continue it requires a resolution for the GSC to continue to have effect.

Significance and Engagement

- 10 This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy because it does not exceed any significant thresholds specified in this policy.

Risk

- 11 This decision involves Strategic Risk SR2 – Business capability planning and continuity as documented in the Council's risk register. The risk is classed as moderate. This matter relates to this risk because it directly relates and influences the governance model of a Council-controlled Trading organisation.

- 12 The recommended option considered above mitigates the risk by:

Applying appropriate succession planning to the governance model to ensure continuity is retained both now and into the future for the Company.

Financial Implications

- 13 There are no budget implications from this report.

Council Policies, Strategies and Bylaws

- 14 The following Council policies, strategies and bylaws were considered:

- a. *Appointment and Remuneration of Directors Policy 2014*
- b. *Significance and Engagement Policy 2014*

- 15 The recommended option is consistent with the principles set out in the named policy/policies.

Local Government Act 2002 Purpose Provisions

- 16 The recommended option:

- Will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses;
- Section 10 of the LGA is not directly applicable to the operation of CCTO's. However, the proposed resolutions are consistent with the principles relating to local authorities, specifically; conducting business transparently (s.14(1)(a)(i)), and undertaking commercial activities according to sound business practices (s.14(1)(f)).

- Is consistent with the Council's plans and policies; and
- Would not alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council, or transfer the ownership or control of a strategic asset to or from the Council.

Consultation: Community Views and Preferences

17 There are no formal consultation requirements for this decision. However the chair of QAC has been consulted as part of the process.

Attachments

- A Policy on the Appointment and Remuneration of Directors
- B Governance Subcommittee terms of reference