

# Late Item 8.11

## **Ordinary Meeting**

**Tuesday, 30 April 2019**

**commencing at 9:00am**

**Council Chambers, Corner Currie and Bury Streets, Nambour**



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**8 REPORTS DIRECT TO COUNCIL****8.11 APPOINTMENT OF DIRECTORS OF SUNCENTRAL MAROOCHYDORE PTY LTD****File No:** Council Meetings**Author:** Chief of Staff  
Office of the Chief Executive Officer**Attachments:** Att 1 - Recommended Candidates For Appointment As Directors  
(*Under Separate Cover*) - *Confidential*  
Att 2 - Recommended Terms Of Appointment For The  
Chairperson And Directors (*Under Separate Cover*) - *Confidential*

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**PURPOSE**

This report seeks Council's consideration of proposed appointments to the board of directors of SunCentral Maroochyore Pty Ltd.

**EXECUTIVE SUMMARY**

SunCentral Maroochyore Pty Ltd (SCM) was established by Council on 11 December 2014 (OM14/181) and registered with the Australian Securities and Investments Commission (ASIC) on 12 January 2015. On 30 March 2015, Council resolved (SM15/7) to approve the appointment of the inaugural board of directors of SCM (comprising a chairperson and four directors).

The terms of appointment of the four directors (excluding the chairperson) concluded on 29 March 2019. Two of the existing directors are proposed to continue for further terms of appointment. Vacancies exist in relation to the other two director roles and in December 2018, Council initiated a comprehensive process to recruit and select suitably qualified and experienced candidates to fill these two roles.

Given a further vacancy is proposed to arise before the end of 2019, the current recruitment and selection process has been utilised to identify a suitably qualified and experienced candidate for appointment to the board of directors at that time.

The opportunity is also proposed with this report to re-align the terms of all directors of SCM to provide greater clarity and certainty for the appointees going forward.

The mix of skills and experience of the recommended candidates in investment attraction, property development and board governance will both complement and augment those of the continuing directors and Chair of SCM.

**OFFICER RECOMMENDATION****That Council:**

- (a) receive and note the report titled "Appointment of directors of SunCentral Maroochyore Pty Ltd" and**
- (b) endorse the nominations for appointment to the board of directors of SunCentral Maroochyore Pty Ltd and the associated terms and conditions of appointment.**

## FINANCE AND RESOURCING

The cost of the recruitment consultant, Directors Australia, to manage the recruitment, selection and pre-engagement screening processes has been met from the operating budget for the Office of the Mayor and Chief Executive Officer.

The cost of the annual allowance payable to each of the directors of SCM is met from the SCM operating budget, noting there is no change proposed to the remuneration arrangements for directors which have been in place since March 2015.

## CORPORATE PLAN

**Corporate Plan Goal:** *A smart economy*

**Outcome:**

1.1 - Strong economic leadership, collaboration and identity

**Operational Activity:**

1.1.8 - Support the implementation of integrated planning and the delivery of infrastructure and services for the region's principal activity centre – Maroochydore.

## CONSULTATION

### Councillor Consultation

The Mayor and Deputy Mayor (as members of the selection panel) have been directly engaged throughout the duration of the recruitment and selection process. The Mayor also briefed Councillors on the progress of the recruitment and selection process on 28 March 2019.

### Internal Consultation

Consultation has been limited to the members of the selection panel, given the confidential nature of the recruitment activity.

### External Consultation

Given the nature of this matter, it has not been appropriate to engage in any external consultation beyond the recruitment consultant and the candidates themselves.

### Community Engagement

Not applicable.

## PROPOSAL

### Background

On 11 December 2014, Council resolved (OM14/181) to establish SCM and proceed to commence a process to recruit the inaugural Chairperson and board of directors of the company. SCM was registered with ASIC on 12 January 2015.

SCM has been established by Council to manage the delivery of the civil and public realm infrastructure and precincts for the Maroochydore city centre, as well as managing the marketing and securing of private sector investment into the project. SCM is fully owned by Council.

The SCM board is ultimately responsible to Council for ensuring that it achieves its objectives ethically, responsibly and within its legislative obligations. In this regard, SCM's objectives are to:

- promote, facilitate, carry out and control the development, disposal and management of land and other property within the Maroochydore City Centre Priority Development Area (PDA)
- achieve an appropriate balance between commercial and non-commercial functions and outcomes

- ensure the location becomes a high-density city centre and identifiable city heart for the wider Sunshine Coast
- accommodate public facilities and entertainment that benefit the general community and
- achieve excellence and innovation in the management of integrated private/public open space and park areas.

Clause 54.1 of the SCM Constitution provides that a person is only eligible for appointment as a director of the company if the person has proven major corporate experience in, and extensive knowledge of, one or more of the following:

- a) the construction or property development industries
- b) property management or real estate services
- c) law, economics, finance or accounting, or
- d) land use planning, engineering or architecture.

SCM is governed by a board comprising five independent, non-executive directors including the Chairperson, Dr Doug McTaggart. On 30 March 2015, Council resolved (SM15/7) to approve the appointment of the inaugural board of directors of SCM.

The terms of appointment of the four directors (excluding the chairperson) concluded on 29 March 2019. Two of the existing directors are proposed to continue for further terms of appointment. Vacancies exist therefore, in relation to the other two director roles. In December 2018, Council initiated a comprehensive process to recruit and select suitably qualified and experienced candidates to fill these two roles.

#### Recruitment process

In the interests of attracting a high caliber pool of suitably qualified and experienced candidates, quotations were requested from three professional executive recruitment agencies with specialist expertise in recruiting for non-executive director roles on public and private sector boards.

As part of the specifications for this assignment, the three agencies were advised that Council was seeking to ensure the pool of candidates includes persons with strong personal and professional connections with the Sunshine Coast. The three agencies were requested to include in their responses to the Request for Quotation, an outline of the approach and techniques they would employ to engage with, and source, locally based or locally connected candidates as part of developing the applicant pool and preliminary candidate shortlist. Following the assessment of proposals received, Directors Australia was selected to manage the recruitment process and make initial recommendations to a selection panel for further review, assessment and consideration.

Directors Australia is a national consultancy firm specialising in corporate governance advice and non-executive director recruitment. Directors Australia assists boards in sourcing candidates who not only have the right skills, knowledge and experience for a board vacancy, but who are also a good cultural fit for the board and company. Underpinning their track record in successfully recruiting and placing non-executive directors is their extensive national director database.

Directors Australia has successfully recruited and placed non-executive directors for:

- member and industry-owned companies
- large not-for-profit organisations
- Government-owned entities (local, state and federal government)
- privately owned businesses in various sectors including retail, construction, professional services
- planning and project management
- ASX-listed and other exchange listed companies and

- APRA-regulated financial institutions.

Following their engagement, Directors Australia undertook the following activities to identify and source an appropriate pool of candidates for consideration by the Council and SCM selection panel:

- Development of a comprehensive application package for consideration by potential candidates;
- Advertising of the SCM director vacancies on LinkedIn and promoting the vacancy through Directors Australia social media channels, networks and contacts;
- Review of the Directors Australia database of over 4000 candidates Australia wide. Directors Australia conducted a targeted search of the database against the key selection criteria for these roles; and
- Directors Australia worked with relevant professional and industry associations on the Sunshine Coast to promote the roles to their respective memberships.

Directors Australia estimate that the potential candidate reach via the search strategies engaged was in the vicinity of 10,000 candidates. Based on the specific skillsets required, the actual reach would be in the vicinity of approximately 4,000 candidates.

Following the conclusion of the search strategies, Directors Australia reviewed the field of candidates, conducted preliminary assessments and discussions with candidates and determined an initial shortlist of 15 candidates whom most directly satisfied the selection criteria and skills and capabilities required for these roles.

#### Selection Process

A selection panel was established to review the candidates nominated by Directors Australia as a result of the recruitment and preliminary assessment process. The panel comprised:

- Mayor Mark Jamieson
- Deputy Mayor, Councillor Tim Dwyer
- SCM Chairperson, Dr Doug McTaggart
- Mr Michael Whittaker, Chief Executive Officer of Council
- Ms Glee Mitchell, Recruitment Manager, Directors Australia

The selection panel reviewed the initial shortlist and agreed to interview the five candidates whom they considered demonstrated the highest complementarity with the selection criteria, skills and capabilities required for the roles. Interviews were conducted on 14 March 2018.

Following the conclusion of the interviews, the panel agreed that referee reports and pre-engagement suitability reports would be obtained for three of the interviewed candidates. No adverse issues or concerns were identified through the referee reports or the pre-engagement suitability reports.

All three candidates have now been approached and have provided their consent to be appointed as a director of SCM, subject to Council endorsing their nomination for appointment.

Details of the three candidates are provided in **Confidential Attachment 1** to this report.

Given the proposed new term of appointment for one of the continuing directors of SCM will conclude later this year, it is proposed Council consider the appointment of two of the candidates to fill the current vacancies on the SCM board of directors, as well as consider an *in futuro* appointment of the third candidate - to take effect when the further vacancy arises during this year. This will avoid the need to initiate and conduct a further recruitment and selection process within eight months of the current process.

The three candidates proposed for consideration by Council have an extensive mix of board level and executive experience in the areas of investment attraction, property development and marketing, residential and commercial development and board governance. This mix of



skills will both augment and complement the skills and expertise of the SCM Chairperson and continuing directors.

#### Continuing Directors of SCM

Two of the directors of SCM are proposed to continue in their roles and have consented to do so. There is therefore, a need to confirm Council's agreement to their continuance in these roles and their associated terms.

Further, it is also proposed to extend the term of the Chairperson to achieve a suitable alignment with the terms of the other board directors and provide a basis for continuity with the board.

Details on the proposed terms of appointment for the Chairperson and continuing directors are provided in **Confidential Attachment 2** to this report.

#### **Legal**

The conduct of this process has been undertaken in compliance with the terms of the Constitution for SCM and the requirements of the *Corporations Act 2001*, in so far as they relate to the selection and appointment of directors of the company. Subject to Council approval of the nominations in this report, the appointment of the directors will occur under the terms of the Constitution for SCM and continue in effect unless concluded earlier.

#### **Policy**

There are no significant policy issues associated with the recommendations provided in this report. Relevant Council policies (including Council's Procurement Policy) have been followed throughout the process to arrive at the recommendations in the report.

#### **Risk**

Through the adoption of a multi-layered recruitment and selection process, this has provided an opportunity to assess any key risks with candidates prior to nominating them for appointment. No discernible risks of concern to the efficient functioning of the SCM board have been identified through this selection process. The pre-engagement screening of the recommended candidates (which included criminal history, bankruptcy and unsatisfied judgements searches) did not identify any issues with any of the three persons nominated.

#### **Previous Council Resolutions**

Council resolved on 30 March 2015 (SM15/7) as follows:

*That Council approve the nominations for appointment of the Directors of the Maroochydore City Centre development company and the associated terms and conditions of appointment as discussed in confidential session.*

Council resolved on 11 December 2014 (OM14/1) as follows:

*That Council:*

- (a) *receive and note the report titled "**Company Establishment for Maroochydore City Centre Development**"*
- (b) *authorise the Chief Executive Officer to establish a Corporations Law company generally in accordance with the draft Constitution (Appendix A) and draft Statement of Corporate Intent (Appendix B)*
- (c) *authorise the Chief Executive Officer to set the remuneration for the Chairman and board of directors based on independent advice and after consultation with the Mayor, Regional Projects Portfolio Councillor and Divisional Councillor along with officers as determined by the Chief Executive Officer*

- (d) *authorise the Chief Executive Officer to commence the recruitment of a Chairman and board of directors, including interim arrangements, and prepare a report to a future Council meeting in relation to the final appointments*
- (e) *establish a Shareholder Representative Group consisting of Mayor, Regional Projects Portfolio Councillor and Divisional Councillor along with officers as determined by the Chief Executive Officer and*
- (f) *note the existing delegation to the Chief Executive Officer to act as Council's shareholder representative and that in relation to this company that he will consult with the Shareholder Representative Group prior to exercising that delegation.*

#### **Related Documentation**

- Constitution of SunCentral Maroochydore Pty Ltd
- *Corporations Act 2001*

#### **Critical Dates**

Following Council's consideration of the nominations in this report, action will be taken to transmit a signed Member's resolution to the company to give effect to the appointment of the Directors.

#### **Implementation**

Subject to Council approving the nominations and associated terms outlined in **Confidential Attachment 1** and the proposed new terms of appointment for the Chairperson and continuing directors in **Confidential Attachment 2**, advice can be provided to SCM on the appointments and action will be taken to complete the requisite notifications to ASIC.

An appropriate media announcement on the appointments to the SCM board will be undertaken once the candidates have been advised of Council's decision.