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Report To: Council



Meeting Date: 27 October 2020

Subject: **Inframax Construction Limited – 2020 Annual General Meeting**

Type: Decision Required

Purpose of Report

- 1.1 The purpose of this business paper is to present to Council matters for consideration relating to the upcoming Inframax Construction Limited (ICL) 2020 Annual General Meeting (AGM).
- 1.2 The ICL AGM is scheduled for 11.30am (or shortly after) on Tuesday 27 October 2019 (following the Council Meeting) in the Council Chambers, Queen Street, Te Kuiti.

Commentary

2.1 Number of Directors

- 2.2 Currently ICL's Board of Directors (BoD) consists of:

Chair Craig Rowlandson *(Appointed as a Director on 3 May 2011 and appointed as BoD Chair on 19 December 2014. Re-appointed as Chair following the 2015 AGM on 28 October 2015
Re-elected following retirement by rotation and re-appointed as Chair following the 2018 AGM on 30 October 2018)*

Director Earl Rattray *(Appointed as a Director on 3 May 2011)*

Director Andrew Johnson *(Appointed as a Director on 25 August 2015 – effective from 1 September 2015)*

- 2.3 With respect to the number of Directors, Clause 11.1 of the ICL Constitution provides:

"The minimum and maximum number of Directors may be determined from time to time by the Council, and unless so determined, the minimum number shall be four and the maximum number shall be six."

- 2.4 In October 2011, Council agreed to continue with three Directors inclusive of the Chair. In October 2015, and again in November 2016, October 2018 and October 2019, Council reconsidered the number of Directors and agreed to continue with the three current Directors.

2.5 It is timely, ahead of the 2020 ICL AGM, that Council again review the number of Directors for ICL and resolve to either continue with three Directors (inclusive of the Chair) or such other number.

2.6 Retirement by Rotation

2.7 Section 11.6 of the ICL Constitution refers to the Rotation of Directors as follows:

*11.6.1 **One Third Retire:** At the annual meeting in every year, one third of the Directors (within a minimum of two) or if the number is not a multiple of three then the number nearest to one third, shall retire from office.*

2.8 As there are currently only three Directors in total, one Director must retire at the 2020 AGM.

2.9 Section 11.6 of the ICL Constitution also provides:

*11.6.2 **Longest Serving Retire:** The Directors to retire shall be those who have been longest in office, but as between persons who became Directors on the same day, the directors to retire shall, unless otherwise agreed between them, be determined by lot.*

*11.6.3 **Re-Election:** A retiring Director shall be eligible for re-election.*

2.10 ICL has advised that Andrew Johnson will be retiring by rotation and being eligible, offers himself for re-election.

2.11 Appointment of Chair

2.12 Section 13.4 of the ICL Constitution reads:

*13.4 **Chairperson:** The chairperson shall be appointed from time to time by notice in writing from the Council to the Company; but if no such chairperson is appointed at any time, or if at any meeting the chairperson is not present within fifteen minutes after the time appointed for the meeting, the meeting shall be cancelled.*

2.13 As the current Chairperson (Craig Rowlandson) is not retiring, Council does not need to consider the appointment of the Chairperson.

2.14 Directors Remuneration

2.15 Section 3.3 of Council's Policy on the Appointment of Directors to Council Controlled Organisations (June 2018) reads:

3.3 Remuneration

The Council will set ICL directors' remuneration either by resolution at the Annual General Meeting or by way of resolution of Council. The resolution will state whether the remuneration is set as a fixed cap for Board Remuneration, to be allocated by the Board, or specifying the salaries to be paid to the directors and chairperson.

Remuneration for directors will be determined by an analysis of market rates for comparable positions at the time appointment(s) are being made and thereafter assessed every three years.

Note: At a Council Workshop on 15 October 2020, in reviewing the Policy on Appointment of Directors to Council Controlled Organisations, there were no proposed amendments to this clause.

2.16 As there are only three Directors, one must retire by rotation at each AGM (effectively at the end of a three-year term). This means that no appointment is longer than three years. As a result, remuneration has been reviewed annually to align with the Policy's requirement of being assessed every three years following appointment(s). The Directors remuneration has remained unchanged since 2015 and is currently at the following rates:

- The Board Chair remuneration is to be set at \$60,000 per annum
- The Board Directors remuneration is to be set at \$30,000 per annum

2.17 The Directors are not recommending any change to current remuneration rates.

Recommendation

2.1 It is recommended that Council –

- 1 Review the number of Directors for ICL pursuant to Clause 11.1 of the ICL Constitution i.e. *“unless so determined, the minimum number shall be four and the maximum number shall be six.”*
- 2 Re-appoint Andrew Johnson to the BoD following retirement by rotation pursuant to the ICL Constitution.

Suggested Resolutions

- 1 The business paper on Inframax Construction Limited – 2020 Annual General Meeting be received.
- 2 Pursuant to Clause 11.1 of the Inframax Construction Limited Constitution, Council confirm that the Inframax Construction Limited Board of Directors consist of ... Directors (inclusive of the Chairperson).
- 3 Pursuant to Clause 11.6.3 of the Inframax Construction Limited Constitution, Council re-appoint Andrew Johnson to the Inframax Construction Limited Board of Directors following retirement by rotation.
- 4 Pursuant to Section 7.3 of Council's Policy on Appointment of Directors to Council Controlled Organisations 2018, the Inframax Construction Limited Director Remuneration rates remain unchanged as follows:
 - The Board Chair remuneration is to be set at \$60,000 per annum
 - The Board Directors remuneration is to be set at \$30,000 per annum



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