

### CM13.3. Airport Governance Review

<b>DATE</b>	29 June 2022	<b>FIL REFERENCE</b>	FIL21/01951
<b>CONFIDENTIAL</b>	No		
<b>FURTHER ENQUIRIES TO</b>	Ambrose Glass Service Leader, Business & Lifestyle	<b>PHONE</b>	6023 8273
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#### Purpose of Report

To present the recommendations of the Albury Airport Governance Review for Council endorsement.

#### Background

In 2018, an external organisational review of AlburyCity was undertaken. The review identified the opportunity and benefit of a broad array of knowledge, experience and professional skills to guide the development of the Albury Airport. Recommendations from this review were endorsed by Council, which included engaging a specialist consultant to provide advice relating to the airport governance structure.

The Governance Review was to be undertaken at the end of the Albury Airport Users Advisory Committee (AAUAC) Term, which was aligned with the term of Council.

The Request for Quotation (RFQ) set a budget of \$25,000 with a 10-week delivery timeframe upon appointment and was advertised on 14 November 2021 with submissions closing on 6 December 2021. At the time of closing, six submissions were received, all being compliant with the RFQ conditions. After an evaluation, conducted in accordance with Council's procurement policy, Delos Delta Pty Ltd was recommended as the most competitive and suitable consultant for Council. On 10 February 2022, Delos Delta Pty Ltd was appointed as the preferred consultant, under contract 21/01951, Albury Airport Governance Review.

Delos Delta formed the team below, to deliver the Albury Airport Governance Review:

- **Brook Dixon**, Managing Director of Delos Delta since 2017. Experience includes NSW Treasury as a Financial Analyst between 2004 and 2005. Multiple Economic and Director roles within the ACT Government for 11 years between 2006 – 2017.
- **Andrew Nilon**, Senior consultant at Delos Delta since 2020.
- **George Payne**, Consultant at Delos Delta since 2022. Experience includes Trainee Financial Planner at Saunderson House between 2019 – 2020 in London, UK.

#### Issues

The Governance Review recommendations align with the following Towards Albury 2050 strategic outcomes:

- 4.2 Albury collaborates as a community to plan for the future and work towards a shared vision.
- 4.4 Albury continues to have strong community leadership from a diverse range of backgrounds, driven by good governance.

#### *Project Objectives*

The objectives to be addressed as part of the review are as below:

- Deliver a governance structure, purpose and mission, ensuring it is clear and aligns with and delivers on Council's strategic plans.
- Detail the roles, responsibilities, and relationship between the governance structure, and Albury City Council ensuring they are unambiguous.
- Define a future governance structure and composition at Albury Airport that will enable appropriate representation across all stakeholders, and subject matter expertise within appropriate specialised fields (such as legal and finance) in order to enable effective engagement with small businesses through to large organisations; and advocacy at a State and Commonwealth Government level.
- Define the selection process for governance membership that attracts the most suitable candidates.
- Deliver a governance structure that encourages meaningful engagement of governance members and other stakeholders whereby their interests are understood and considered by the AAUAC, or its alternative and Council.
- Deliver a governance structure that best represents a culture that grows confidence amongst the community and region.
- Consider practices that are benchmarked against best governance principles identified in other council-owned airports.
- Define the expectation of behaviour for the people involved in governance; ensuring these expectations are clear and easily understood.
- Deliver a recommended Terms of Reference that is contemporary and in line with the results of this review.
- If required, deliver a change management strategy for Council to implement recommendations, including required resources and timelines.

To deliver the above objectives, the Governance Review has been separated into two distinct phases, described below:

- **Phase 1, Background Investigation.** This phase saw the consultants conduct thorough research involving a documentation review into the background of the AAUAC, the Blackadder Associates External Review Report 2018, Council's meeting practices and the Albury Airport Master Plan 2018. Additionally, a benchmarking analysis of other Airport User Advisory Committees and a detailed Stakeholder Engagement were undertaken as part of this phase. This phase concluded with the delivery of the Phase One Report enclosed in Attachment 1.
- **Phase 2, Final Report.** This phase saw information consolidated from the Phase One report, governance research and presentation to Councillors at the 20 June 2022 Pre-Meeting Briefing Session. The outcome of this phase is the delivery of the recommendations, governance

framework, adjustments to the terms of reference, and future AAUAC make-up contained within the Final Report at Attachment 2. This phase concludes with the resolution of Council's acceptance of the Final Report.

### Report Recommendations

Below are the 11 recommendations identified in the report:

No.	Recommendation
1	Retain Council ownership and management of Albury Airport
2	Formally document and endorse an Albury Airport governance framework
3	Enhance reporting systems, processes, and protocols
4	Update and enhance AAUAC Terms of Reference
5	Retain membership of the AAUAC on a volunteer basis
6	Enhance capabilities and skills at all levels of governance
7	Improve visibility and awareness of Albury Airport governance
8	Develop and adopt a governance maturity model
9	Schedule regular governance reviews
10	Strengthen integration of strategy, budgeting, and operations
11	Establish across Council coordination governance

Enclosed within Attachment 2 is the completed Final Report detailing all recommendations with the following providing a snapshot of the key recommendations.

- *Retain Council ownership and management of Albury Airport*  
Through the thorough stakeholder engagement process and benchmarking the review found a strong preference, particularly from the community, for Council to retain ownership and management of Albury Airport, with key benefits being:
  - Council visibility and input over the airport.
  - The internalisation of broader economic and social benefits.
  - Access to subject matter experts at no cost to Council, and
  - The ability to attract development and government funding opportunities.
  
- *Update and enhance the AAUAC Terms of Reference*  
The updated Terms of Reference aim to:
  - Introduce a system of split terms for AAUAC members every two years.
  - Amend membership of the AAUAC to include a broader selection of strategic expertise.
  - Target invitation to attract specific skills or expertise into the AAUAC.
  - Utilise digital communication to increase attendance.
  - Consider renaming the committee to the Albury Airport Advisory Committee.

### Risks

- **Business Risk** – The AAUAC remains an advisory function to Council offering expert advice from the aviation industry reinforced by specialists in fields such as business, financial and marketing. This model eliminates financial resourcing implications given the volunteer basis.

- **Corporate Risk** – Membership of the AAUAC is designed to have representation from industry, the community and skills-based experts. Risk associated with a conflict of interest where members may have commercial interests in the airport is mitigated through the updated AAUAC Terms of Reference and Council meeting practices documentation. Additional treatment to mitigate this risk is Council's requirement to approve AAUAC membership through resolution.
- **WHS and Public Risk** – This risk is not applicable to the governance review.
- **Environmental Risk** – This risk is not applicable to the governance review.
- **Delivery Program Risk** – This risk is not applicable to the governance review.

### Community Engagement

Over the course of the review Delos Delta engaged with both external and internal stakeholders to elicit a range of opinions on the state of current governance at the Albury Airport, determine future ambitions, and understand the needs and actions required to improve governance procedures. Through this engagement, Delo Delta found all stakeholders were opposed to the full privatisation or partial corporatisation of the Airport with a strong preference for remaining with Council ownership and management of the Airport.

### Options

1.
  - a. Receives and notes the report.
  - b. Endorses the recommendations from the Albury Airport Governance Review as follows:
    - i. Retain Council ownership and management of Albury Airport
    - ii. Formally document and endorse an Albury Airport governance framework
    - iii. Enhance reporting systems, processes, and protocols
    - iv. Update and enhance Albury Airport User Advisory Committee Terms of Reference
    - v. Retain membership of the Albury Airport User Advisory Committee on a volunteer basis
    - vi. Enhance capabilities and skills at all levels of governance
    - vii. Improve visibility and awareness of Albury Airport governance
    - viii. Develop and adopt a governance maturity model
    - ix. Schedule regular governance reviews
    - x. Strengthen integration of strategy, budgeting, and operations
    - xi. Establish across Council coordination governance
  - c. Receive a further report presenting revised draft Terms of Reference for the Albury Airport Advisory Committee and an implementation plan. **Recommended**
2. Seeks amendments to the Governance Review Report. **Not Recommended.**

## **Conclusion**

The Albury Airport Governance Review is the closing action from the 2018 external organisational review outcomes, which was intended to be undertaken at the end of the term of the Committee of the day – being the Council elections.

The 11 recommendations have been developed based on thorough stakeholder engagement and benchmarking across multiple airports, with the findings reinforcing Council's ownership and management of the Airport. Additionally, the review's finding offers the opportunity to strengthen the AAUAC with skills-based expert membership.

Recommendations from this review shape Albury Airport's governance structure to ensure it supports and drives the achievement of Towards Albury 2050 strategic objectives.

## **Recommendation**

That Council:

- a. Receives and notes the report.
- b. Endorses the recommendations from the Albury Airport Governance Review as follows:
  - i. Retain Council ownership and management of Albury Airport
  - ii. Formally document and endorse an Albury Airport governance framework
  - iii. Enhance reporting systems, processes, and protocols
  - iv. Update and enhance Albury Airport User Advisory Committee Terms of Reference
  - v. Retain membership of the Albury Airport User Advisory Committee on a volunteer basis
  - vi. Enhance capabilities and skills at all levels of governance
  - vii. Improve visibility and awareness of Albury Airport governance
  - viii. Develop and adopt a governance maturity model
  - ix. Schedule regular governance reviews
  - x. Strengthen the integration of strategy, budgeting, and operations
  - xi. Establish across Council coordination governance
- c. Receive a further report presenting revised draft Terms of Reference for the Albury Airport User Advisory Committee and an implementation plan.

## **Attachments**

1. Albury Airport – Governance Review – Phase 1 Report (DOC22/119558).
2. Albury Airport – Governance Review – Report (DOC22/119565).