

1.2 EASTERN INNOVATION BUSINESS CENTRE LTD

Responsible Director: Peter Panagakos

RECOMMENDATION

That Council:

1. *Notes that the Director City Development has resigned as a Board member of the Eastern Innovation Business Centre Pty Ltd.*
2. *Notes that the Eastern Innovation Business Centre Pty Ltd Constitution as originally developed by Council (and as amended from time to time by the Board) requires that at all times three (3) Councillors and one (1) Council Officer at Director level must be appointed by the City of Monash and 7 (seven) other Directors.*
3. *Endorses that it is more appropriate that the Director City Development or other Council officer at Director level or their delegate acts as a liaison to the Eastern Innovation Business Centre Pty Ltd Board in its interactions with Council on an as needs basis as determined by either Council or the Board.*
4. *Requests that the Eastern Innovation Business Centre Pty Ltd amend its constitution by removing the requirement one (1) Council Officer at Director level and replaces with Council retaining the right to appoint a fourth board member at any time at its sole discretion.*
5. *Requests that the Eastern Innovation Business Centre Pty Ltd Board in amending their constitution in accordance with point 4, adds to their constitution that the Director City Development or other Council officer at Director level or their delegate acts as a liaison (without voting rights) to the Eastern Innovation Business Centre Pty Ltd Board on an as needs basis as determined by either Council or the Board.*

INTRODUCTION

The purpose of this report is to advise Council of the resignation of the Director City Development from the Eastern Innovation Business Centre Ltd (EIBC) Board. The report identifies that the need to have a Council officer at Director level serve as a member of the Board is not necessary.

It has been identified that the role best served by the Director City Development or other Council officer at Director level or their delegate, is as a liaison to the Board. Full voting rights as a member of the EIBC Board are not required to effectively discharge this responsibility. However Council will retain the right to appoint an additional representative at any time and at its sole discretion and advise the Board accordingly.

BACKGROUND

The EIBC is a company limited by guarantee facilitated by Council approximately 20 years ago. The EIBC, located at 5 Hartnett Close Mulgrave is now an Acceleration Hub, supporting founders, service professionals and corporate innovators with a future focus.

The EIBC has been a successful operation with businesses at the facility having achieved an average growth in jobs of about 250% in their first three years of operation. The success of the EIBC experience has seen Council the recipient of a combination of grants through the Australian Government (\$4.75million) and the Victorian Government (\$275,000) to develop the Eastern Innovation Business Centre (EIBC) now known as the Jessie Tait building.

The opening of the Jessie Tait building combined with the Tom Morrissey building has seen the creation of a single entity known as the Eastern Innovation Business Centre. The Company continues to work to ensure that the two buildings complement each other in fostering business growth in a changing economy. It should be noted that the Jessie Tait building provides for more modern and functional office accommodation than the Tom Morrissey building.

The EIBC is governed by an independent Board. Its Constitution calls for not more than eleven (11) Board members, inclusive of three (3) Councillors from the City of Monash and one (1) officer at Director level.

As a 'not for profit' entity, Directors do not receive remuneration as a Board member nor are dividends able to be passed onto any member.

The Board provides strategic advice and direction to ensure the successful operations of the EIBC.

DISCUSSION

With the changes to the Board and the new CEO of the EIBC, the Board has gone from strength to strength. It is a well-run purposeful organisation.

This was reaffirmed at the Board's Annual General Meeting held 20 October 2016 where it formally adopted the change name of the Monash Enterprise Centre Incorporated and the Eastern Innovation Business Centre to a single entity to be known as "Eastern Innovation Business Centre Incorporated" abbreviated as EIBC.

The purpose underpinning the change of name was to develop a single brand identify for marketing and promotion purposes and a single entity to build a united business culture across the two facilities. The name was certified by the Australian Securities and Investment Commission effective 26 October 2016.

Over the past 2 years, the Board has systematically reviewed its governance model.

Following a skills and professional capabilities audit, in August 2015, the Monash Enterprise Centre Limited (as it was known at the time) publicly advertised to seek volunteers with appropriate skills and experience with the intent to establish a contemporary skills based Board that will lead the business into the future. Council noted the appointment of six (6) additional members to Monash Enterprise Centre Limited Board at the October 2015 meeting.

Since appointing new directors, the Board has established a shared vision, purpose, values and strategic objectives, a selection criteria for licensees that MEC/EIBC will incubate and support and is currently further refining its growth and marketing strategies.

Under the guidance of a governance sub-committee, the Board has also revised and developed a range of governance documents including inter alia: a Board Charter, CEO Key Performance Indicators (KPIs), Directors KPIs, Conflict of Interest policy, a Procurement policy and revised the financial reporting framework.

Further, a key task of the governance sub-committee was to develop a meaningful and up to date constitution in order to provide a guiding framework for the MEC/EIBC into the future. The constitution had been in place since 1999 and the revised document now sets out the authority, responsibilities, membership and operation of the Board in a manner that accords with principles of good corporate governance and with applicable laws, primarily the Corporations Act 2001 and the Local Government Act 1989. The revised constitution was adopted by the Board at the 20 October 2015 meeting.

In the Director City Development reviewing their position and value to the Board as a Board member, it has been identified that there is no longer a need for an officer of Council to hold voting rights and be a Director of the Board.

The role of officers should be as a liaison and support to the Board in their dealings with Council along with the unfettered ability to provide assistance and advice including the best way to navigate the organisation.

For this reason, the Director City Development has resigned from the Board and is recommending that Council notes this resignation. Accordingly, it is recommended that Council requests that the Board amends its constitution to give effect to this and identify that the Council officer, be it the Director City Development, or another Director of Council or their delegate, act as liaison to the Board on an as needs basis.

However Council will retain the right to appoint an additional representative at any time and at its sole discretion and advise the Board accordingly.

CONCLUSION/RECOMMENDATION

The Board has a strong working relationship with Council and this will continue into the future. Councillor representation on the Board will continue.

The report recommends that the role of Council officers should now be one of liaison and support and there is no need for a member of Council staff to be a voting member of the Board.