



TOURISM
TROPICAL NORTH
QUEENSLAND

TTNQ DRAFT CONSTITUTION

BACKGROUND PAPER

NOVEMBER 2022

WHY CHANGE THE CONSTITUTION?

It has been more than 20 years since the current Tourism Tropical North Queensland (TTNQ) Constitution was drafted and while small amendments have been made, the document itself needs to be brought into the modern age of good governance.

A recurring theme over the past decade in talking to members was that the membership structure and voting rights were too complex, confusing, and did not seem to align well with the different levels of financial contribution and service that come with TTNQ membership.

The size of the TTNQ Board, with up to 16 directors, was also consistently raised as an outdated model, with the majority of modern Boards moving to a skills-based approach.

The TTNQ Board commissioned experienced governance advisor Cameron Ralph Khoury to lead the consultation process and provide advice to the Board.

The aim is a Constitution that will give tourism in Tropical North Queensland the strongest practical governance for the coming years, specifically with the objectives of:

- A.** Modern governance standards;
- B.** Consistently effective Board, with relevant skills, perspectives and experience;
- C.** Diverse participation;
- D.** Simplicity and clarity;
- E.** Flexibility and adaptability.

THE CONSULTATION PROCESS

A broad consultation program of TTNQ members was delivered by the consultants and TTNQ staff from February 2022., including:

- A.** An electronic notice (EDM) to all members advising them of the process to review the Constitution and advising them of the consultants and consultation program (February);
- B.** A series of three (3) webinars with stakeholder groups including Champion members, Regional Partners (Councils and LTOs) and interested members (March);
- C.** As needed consultation with groups / individuals who would like to be more involved (March);
- D.** Workshop with the TTNQ Board on issues and solutions identified through the consultation, and additional consultation with key stakeholders as many were unavailable during Easter (April);
- E.** Consultation was paused through the busy June-July school holidays, restarting with a series of webinars and meetings with members in October guided by a Discussion Paper discussed through August and September, and;
- F.** Review of the draft changes to the Constitution, following review by TTNQ's legal team at MacDonnells Law, with the TTNQ Chair, FARMC, Management team, Champion members and Board (November).

The suggested changes to the Constitution received overwhelming support from the members who participated in the consultation process, and many great suggestions were made by members and incorporated into the Draft Constitution.

WHAT IS CHANGING?

The overwhelming feedback of our members was that it was timely to modernize the Constitution. This included provisions expected in modern constitutions that are missing, old-fashioned language, excessive prescriptive detail, confusing provisions and in some cases a lack of clarity. The major changes are outlined below:

OUR NAME

Changing the official name of the organisation from the Far North Queensland Promotion Bureau Limited (FNQPB) trading as Tourism Tropical North Queensland, to simply Tourism Tropical North Queensland Limited.

MEMBERSHIP LEVELS AND VOTING RIGHTS

Based on the feedback of our members, the new Constitution includes the following significant changes, to create a more transparent and inclusive voting rights model, as well as a number of minor wording amendments to the membership model:

- The creation of a new **'Life Members'** category to acknowledge the organisation's long-term supporters, as is currently the case, this category will be without voting rights.
- **'Entry Level Members'** including the current Ambassador of Tourism, LTO reciprocal members and Corporate Supporters of Tourism will remain in place, without voting rights.
- Our current **'Partner of Tourism'** members will transition from Level 2 members with 2 votes to become Level 1 members with 1 vote.
- **'Partner of Business Events'** members will shift from Level 3 members with 4 votes, to Level 2 members with 2 votes.
- The current Level 4 (vacant at present) will transition to Level 3 and reduce from 7 votes to 3 votes.
- Our **'Champion Members'** who are currently Level 5 members, with 12 votes, will become Level 4 members with 4 votes.

IN SUMMARY THE CHANGE TO MEMBER VOTES ARE:

| MEMBER LEVEL | CURRENT LEVEL | CURRENT VOTES | PROPOSAL LEVEL | PROPOSAL VOTES |
|--|---------------|---------------|------------------------------|----------------|
| LTO RECIPROCAL MEMBERS AND CORPORATE SUPPORTERS OF TOURISM | ENTRY LEVEL | 0 | ENTRY-LEVEL | 0 |
| AMBASSADOR OF TOURISM | LEVEL1 | 0 | AMALGAMATED WITH ENTRY LEVEL | 0 |
| PARTNER OF TOURISM | LEVEL2 | 2 | LEVEL 1 | 1 |
| PARTNER OF BUSINESS EVENTS | LEVEL 3 | 4 | LEVEL 2 | 2 |
| CURRENT VACANT MEMBERSHIP | LEVEL 4 | 7 | LEVEL 3 | 3 |
| CHAMPION MEMBERS | LEVEL 5 | 12 | LEVEL 4 | 4 |

SIZE AND MAKE-UP OF THE BOARD

The members consistently highlighted the need to move to a smaller, skills-based Board to guide the organisation in the next decade and beyond.

The draft Constitution provides for up to 9 Directors (currently up to 16 Directors) with 4 elected Directors, a suitably qualified and experienced Chair and up to 4 Directors appointed by the Board. The elected Directors can be drawn from anywhere in the region, removing the Zone Director voting process. The appointed Directors are chosen based on the organisation's Skills Matrix to ensure the right balance of skills and regional perspectives are brought to the table.

The skills matrix has been amended to create a requirement for 'regional operations' skills on the Board and also providing for the first time a formal recognition of the Local Tourism Organisations and the need to have an annual partnership agreement.

TRANSITION ARRANGEMENTS

To ensure the 'transition arrangements' allow all current elected Directors (including those at the 2022 AGM) to complete their full two-year terms and that there will be 'staggered' terms into the future, the Board will temporarily increase to 11 members in 2023 before reducing to the nine (9) Director Board in 2024.



FAQS

Through the consultation process a number of important questions were raised that have been summarised here to assist members in understanding the implications of the change to the Constitution.

Are there any risks associated with changing our name?

The organisation has sought legal advice and is working through the process with the Australian Securities and Investments Commission (ASIC) and has secured all of the required legal approvals to officially make the transition from the FNQPB to Tourism Tropical North Queensland Limited.

With a smaller Board (9 Directors), what is the quorum if some directors are conflicted on a particular topic?

Under the proposed new Constitution a Board quorum is half the number of the Board, rounded up the nearest whole number. So, for a Board of 9 Directors, the quorum will be five (5) rather than 7 as at present. This accepts that sometimes Directors may have a conflict and will not be able to be included in the quorum calculation.

Does the move to a Skills-based Board mean that the smaller regions will get less representation on the Board?

All Directors on a Board have as their primary duty to serve the organisation, not to represent their own business or sub-region. The move to having 4 Elected Director positions on the Board means that anyone eligible can be nominated (only one from any one member). In addition, the Board can use their ability to appoint up to 4 Directors to fill any skills or experience gaps that emerge. The revised Board Skills Matrix specifically highlights experience in tourism operations outside of Cairns Regional Council area.

Further, the new Constitution requires the Management Team to enter into an Annual Marketing Agreement with identified Local Tourism Organisations, with both the definition of an LTO and what constitutes a Marketing Agreement subject to agreement by the Board.

This will ensure that the organisation has a day-to-day engagement with the sub-regions, which is more effective than trying to rely on a Board Director whose main job is to serve TTNQ.

Should the Constitution be more specific on recognising the Traditional Custodians of the land and their ongoing connection?

The Constitution is TTNQ's legal framework for operating. Our recognition of the Traditional Custodians is not a legal requirement, rather it is part of our policy of recognition and inclusion, and it is therefore embedded within the day-to-day operations of the business through the Strategic Directions and Annual Business Plan.

Could a situation arise where the Appointed Directors begin to shape the future Board membership as they have longer tenure?

Prior to the AGM all Appointed Directors due for re-election stand down, with the option of being re-appointed by the Board. Every year two Elected Directors (new or re-elected) will be voted in by the membership, and after the AGM the 4 Elected Directors, the Chair and the continuing Appointed Directors will take the advice of the HR Committee on the skills gaps in the Board and suitable Directors to fill these gaps. Under this process, Appointed Directors should not exceed the Elected Directors in number.

How will TTNQ work with the Local Tourism Organisations under the new Constitution?

TTNQ's Management team and CEO have an excellent working relationship with the LTOs, but the new Constitution takes that great relationship one step further. The new Constitution provides the Board with the requirement to undertake an annual environmental scan with a view to reviewing operating and reciprocal arrangement with partner organisations, which refers to our LTO partners.

What is the Skills Matrix and how it is assessed to Appoint Directors?

Under the new Constitution, the four (4) Appointed Directors, excluding the Chair, will be recommended by the Human Resources Committee (HRC) through the review of the Skills Matrix (see table).

A formal process of assessment of the Elected Directors and existing Appointed Directors is being established using the Skills and Experience Mix based on survey responses from Directors. The final responsibility for the appointment of Directors rests with the Board.

It is important to note that each year two new elected Directors will be voted in by the membership at the AGM and those Appointed Directors whose terms expire that year will have to stand down at the AGM and will not be involved in choosing new Appointed Directors. This will allow the Elected Directors and the Chair majority input to the appointment of new Directors.

As a final protection, the law and the Constitution provide that the entire Board, including Appointed Directors, can be removed if a quorum of the membership vote for that at a General Meeting.

What are the rights of Life Members?

Under the current Constitution, the TTNQ recognition given to Life Membership at our annual awards is not actually reflected in our Constitution. The new draft Constitution provides a membership category for Life Members that is at the 'Entry Level' membership without voting rights.

Why not leave the Board as it is?

Members feedback was that the Board is too large to be fully effective, with most members consulted wanting a more conventional modern Board of less than 10 Directors.

From those who have been close to TTNQ, there was also feedback that although the structure is built around the historical idea of representation

many felt that the Board can't really be a representative body.

Directors are obliged by law to act in the interests of the organisation, not the people they represent – and most reported that once Directors are elected to the Board, they have no practical way of engaging with those that they were supposed to represent.

Most members consulted also agreed that the Board needed to have expert skills (e.g. governance, strategy, risk, marketing and financial), but also the perspectives of stakeholders from key tourism sectors. Some were aware that over the years, elections have not always produced the full range of skills and perspectives.

Would the new voting rights impact on the types of Directors appointed?

The new voting rights are intended to retain but reduce the margin between 'big' and 'smaller' operators. They mean that Partners of Tourism and Business Events both have their voting rights reduced by half, and Champions go from having six times as many votes to four times as many votes as the Partners of Tourism. Testing to see how these changes would have affected some of the recent AGMs shows that there would not have been any change to the Directors elected.

The new skills-based model for Appointed Directors will allow the Board to fill any gaps in the skills, perspectives and experience of members elected to the Board, as well as targeted appointments of Directors with experience key to the effectiveness of TTNQ (e.g. air travel, international tourism, etc.).

WHAT ARE THE NEXT STEPS?

- Members have 28 days to review the draft Constitution from 10 November to 8 December 2022 when we host the **Special General Meeting**;
- Voting on the **members resolution** can either be **by proxy** or in person at the Special General Meeting with 75% of a quorum required to vote in favour of the changes.
- The **Special General Meeting** of members is scheduled for **8 December 2022** and all members are encouraged to attend.